

00542

**DIPLOMA IN BUSINESS PROCESS
OUT SOURCING (F & A) PROGRAMME**

Term-End Examination

June, 2010

BPOI-002 : FUNDAMENTALS OF ACCOUNTING

Time : 3 hours

Maximum Marks : 100

Note : *There are three sections. All the sections are compulsory.*

SECTION - A

1. (a) Fill in the blanks : 5x1=5
- (i) If the double entry of transaction is completed in the cash book itself such entry is called _____ entry.
 - (ii) Wages paid to Mr. Ramesh should be credited to _____ account.
 - (iii) The error committed due to carelessness of accounting staff is called _____.
 - (iv) _____ book is used for recording transaction which cannot be recorded in any other subsidiary book.
 - (v) All liquid assets are a part of _____ assets.

(b) State whether the following statements are *True* or *False* : 5x1=5

- (i) The Gross profit is the difference between net sales and cost of goods sold.
- (ii) Capital receipts are the amounts received in the normal and regular course of business.
- (iii) Purchase Journal is kept to record all purchases of goods.
- (iv) Trial Balance never be regarded as a conclusive proof of arithmetical accuracy of accounts.
- (v) Single entry system does not follow Generally Accepted Accounting Principles.

SECTION - B

Attempt *any three* questions :

2. Outline the need for accounting and describe the objectives of accounting. 5+5
3. Describe the various classes of accounts and state their respective rules of debit and credit with suitable examples. 5+5
4. Explain the objectives of business income measurement. 10
5. Give Journal entries to rectify the following errors using suspense account, where necessary : 5x2=10
 - (a) Rs. 3,000 received from a customer as an advance against order was credited to sales a/c.
 - (b) A sum of Rs. 1,900 written off as depreciation on Machinery, was not posted to depreciation a/c.
 - (c) Sales to X Rs. 5,000 were posted to Y'S a/c.
 - (d) Credit sales to Mohan Rs. 7,000 were posted to Karan as Rs. 5,000
 - (e) The total of sales return day book was over-cast by Rs. 1,000.

SECTION - C

Attempt *any three* questions including question No. 6 which is compulsory :

6. From the following Trial Balance of ABC. CO. 20 Ltd., Prepare profit and Loss Account for the year ended 31.12.2008.

Debit	Rs.	Credit	Rs.
Debtors	8,70,000	Share Capital	40,00,000
Stock 1.1.08	7,50,000	12% Debentures	30,00,000
Plant	33,00,000	P and L a/c	2,62,500
Premises	30,72,000	Bills payable	3,70,000
Good will	2,50,000	Creditors	4,00,000
Cash and Bank	4,06,500	Sales	41,50,000
Interim Dividend	3,92,500	General Reserve	2,50,000
Paid		Bad Debts	
Call in arrear	75,000	Provision	35,000
Purchases	18,50,000	for Bad Debts	
Preliminary expenses	50,000	on Debtors	
Wages	9,79,800	on 1.1.08	
General Expenses	68,350		
Salaries	2,02,250		
Bad debts	21,100		
Interest on	1,80,000		
Debentures paid			
	<u>1,24,67,500</u>		<u>1,24,67,500</u>

Additional information :

- Depreciation on plant by 15%.
- Write off Rs. 5,000 from preliminary expenses.
- Half-year's Debenture interest due.
- Create 5% provision on debtors for doubtful debts.
- Provide provision for income tax @ 50%.
- Stock on 31.12.08 was Rs. 9,50,000.

- (g) a claim of Rs. 25,000 for workmen's compensation is being disputed by the company.
7. By considering the particulars given in question No. 6 (above) of the ABC. Co. Ltd, prepare profit and Loss Appropriation Account for the year ended 31.12.08 and also the balance sheet as on that date. **5+15**
The Net profit for the year Rs. 1,80,000.
8. What do you mean by accounting standards ? State its objectives and also discuss the advantages of accounting standards. **3+3+14**
9. What do you understand by special purpose subsidiary books ? Give specimen of the Purchase Book, Sales Book, Purchase return Book and Bills payable book with three entries in each book. **4x5=20**
10. (a) On January 1, 2008 a firm had stock of goods values at Rs. 20,000. During the year the following transactions took place.
- | | Rs. |
|------------------|----------|
| Sales | 5,00,000 |
| Purchases | 3,00,000 |
| Carriage Inwards | 3,000 |
| Freight | 5,000 |
| Factory lighting | 22,000 |
| Purchase returns | 5,000 |
| Sales returns | 10,000 |
| Wages | 3,000 |
- The closing losing stock of goods on 1.12.08 is Rs. 40,000. Prepare Trading Account

- (b) Mention any six transactions of your own for preparing a three column cash book with atleast one contra, Entry and show how these entries are to be posted in the cash book. **10+10**
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