

**DIPLOMA IN BUSINESS PROCESS
OUT SOURCING - F AND A PROGRAMME**

**Term-End Examination 00548
December, 2011**

BPOI-005 : RECORD TO REPORT (R2R)

Time : 3 hours

Maximum Marks : 100

Note : *There are three Sections and all are Compulsory.*

SECTION - A

(All questions are compulsory in this section) **5x1=5**

1. State whether the following statements are *True* or *False*.
- (a) Intercompany accounting is not a sub process in Record to Report.
 - (b) Sarbanes Oxley Act was enacted in July 2005.
 - (c) A credit bank statement balance is a Favourable balance.
 - (d) Expenditure on real estate development is not classified as Fixed Assets.
 - (e) Goodwill cannot be written off over the period.

2. Fill up the blanks :

5x1=5

- (a) FAR stands for _____.
- (b) Direct payments made by the bank on behalf of the customers are made as per _____.
- (c) Patents are acquired either by _____ or by development within enterprise.
- (d) Capital period refers to the forecasting period _____ one year.
- (e) _____ is the ability of a firm to generate cash internally and/or externally to meet its cash requirement.

SECTION - B

Answer *any three* questions from this section :

3. What is a bank reconciliations statements ? Why is it prepared ? Explain the reasons of disagreement between the balances shown by the cash book and the pass book. 2+3+5=10
4. (a) Discuss the reasons for providing depreciation. 5+5=10
(b) State features of Form 10 Q and Form 10 K.
5. AMOX Ltd acquired a machine on 1st August 2005 costing GBP 500,000. The Supplier agreed to the following terms of payment : 10
(a) August 1, 2005 Down Payment of 30%
(b) August 1, 2007 First Installment of 30%
(c) August 1, 2010 Second Installment of 40%
The Useful Life of Machine is estimated to be 10 years and at the end of which residual value will be GBP 10,000. The exchange rate upto end of July 2007 was 1 GBP = Rs. 75. On 1st August 2007 the exchange rate was adjusted to 1 GBP = Rs. 80.
Show the relevant entries accounting the above P and L A/c for the year ending 31st March 2010.
6. Machinery Account of Radhu Company Ltd. 10
showed debit balance of Rs. 32,400 on 1st January 2004, depreciation being provided at 10%. On 1st July 2004 a part of machinery purchased for Rs. 10,000, on 1st January 2002 was sold for

Rs. 7,000 and on the same date a new machinery which cost Rs. 20,000 was purchased. On 31st December 2004, the Company decided to change the method of depreciation from WDV method to SLM with effect from 1st January 2002, depreciation rate is 10% per annum.

SECTION - C

Answer *any four* questions including question No. 7 which is compulsory.

7. Prepare a bank reconciliations statement as on 31st October 2010, below are causes of difference : 15
- (a) Balance as per Bank Pass book Rs. 70,000 favourable.
 - (b) Interest credited in bank account Rs. 500 has been entered in cash book as Rs. 5000.
 - (c) Mr. X assured to deposit Rs. 1000 in bank account on 5th October 2010, so entered in cash book. But money deposited on 2nd November 2010.
 - (d) Cheques amounting Rs. 3000 deposited in bank but not yet collected by bank.
 - (e) Bank charges debited in bank account Rs. 200 not entered in cash book.
 - (f) Cash deposited in bank Rs. 4000 not entered in cash book.
 - (g) Standing Instruction of Rs. 6700 towards EMI of Loan debited in bank account. Not registered in cash book.
 - (h) Cheque issued on 20th September 2010 amounting Rs. 1400 is presented in bank.
 - (i) Over draft charges debited Rs. 500.
 - (j) Personnel drawings of Rs. 700 not entered in cash book.

8. What is Cash Budget ? How does it help managers to perform their responsibilities effectively ? 15
9. Explain Inventory Cash Management Model of William J. Baumol. 15
10. Explain the process and Importance of Fixed Assets Reconciliation. 15
11. GMHS Ltd are into building construction firm, commenced trading on 1st January 2006. During 3 years company bought and sold motor vehicles for use in business as follows : 15

Date	Registration	Cost (\$)	Disposal Date	Disposal Proceed (\$)
1 Feb' 06	ET 56	12000	12 Apr' 06	6000
4 May' 07	FE 77	14000		
12 Mar' 08	G 916	16000		

Depreciation 20% P.A. straight line and No Residual Value. Full Year depreciation is provided for motor vehicles bought before 1st July but no depreciation is provided in the year of disposal.

Prepare for the period. 1 January 2006 to 31 Dec 2008;

Using straight line method of depreciation :
 Motor Vehicles Account
 Provision for Depreciation Account
 Motor Vehicles Disposal Account.