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**DIPLOMA IN BUSINESS PROCESS
OUT SOURCING - F & A PROGRAM**

Term-End Examination

June, 2010

BPOI-005 : RECORD TO REPORT

Time : 3 hours

Maximum Marks : 100

Note : There are three sections and all are compulsory.

SECTION - A

All questions are *compulsory* in this section : $5 \times 1 = 5$

1. State whether the following statements are *TRUE* or *FALSE* :
 - (a) Lockbox system is a method for accelerating for outflow.
 - (b) Cash management is a trade off between Cost of Carrying Cash and the necessity of Maintaining Liquidity.
 - (c) Bank charges are credited to customers account in the bank ledger.
 - (d) Any downward revision in the book value of the assets is immediately written off to the profit and loss account.
 - (e) Forecast is the basis for preparation of the budgets.

2. Fill up the blanks : 5x1=5

- (a) _____ is a detailed plan of the "cash inflows and outflows for a period of time.
- (b) Account that shows total of amounts entered in a subsidiary ledger is _____.
- (c) In order to control overspending, all purchases must be within _____.
- (d) Proper _____ must be done to ensure that there are enough team members in the transaction processing team at all times.
- (e) Time taken to perform an activity is called _____.

SECTION - B

Answer *any three* questions from this section :

3. (a) What do you understand by the term 'Reporting' ? Explain in brief categories of reporting. **5+5**
(b) Explain the causes of depreciation.

4. (a) Explain any two methods of Accelerating cash flows. **5+5**
(b) Discuss the main reasons of outsourcing R2R functions.

5. On January 1,2002, Lynn Corporation purchased a machine for Rs. 1,00,000. Lynn paid shipping expenses of of Rs. 1000 as well as installation costs of Rs. 2400. The machine was estimated to have a useful life of ten years an estimated salvage value of Rs. 6000. In January 2003, additions costing Rs. 7,200 were made to the machine. These additions significantly improved the quality of output, but did not change the life or salvage value of the machine. If Lynn records depreciation under the straight-line method. What is depreciation expense for 2003. **10**

6. Better and Best enterprises depreciates its machinery @ 10% p.a on reducing balance on 1.1.2002, the balance in Machinery account was Rs. 97,200 During the year 2002, A machine purchased on 1.1.2000 for Rs. 8000 was sold for Rs. 4500 on 1.7.2002. A new Machine was bought on the same date for Rs. 15,800. On 1st January 2002, the concern changed the method of depreciation from reducing balance to straight line method with retrospective effect from 2000 with no change in the rate. Show the machinery Account and machinery disposal account for 31st Dec 2002. The original cost of machine brought forward on 1.1.2002 was Rs. 1,20,000/-

SECTION - C

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

7. Prepare a bank Reconciliation statement as on 30th June 2009, from the following particulars : 15
- (a) Balance as per cash book Rs. 1900/-
 - (b) A cheque paid for Rs. 340 has been entered in the cash book as Rs. 430.
 - (c) Cash paid to the bank for Rs. 100 had been entered in the cash book as Rs. 90.
 - (d) A receipt of Rs. 10 shown on the bank statement has not been entered in the cash book.
 - (e) Cheque drawn amounting to Rs. 40 had not been presented into the bank.
 - (f) The cash book balance had been incorrectly brought down as a debit balance of Rs. 1200 instead of a debit balance of Rs. 1100/-.
 - (g) Bank charges of Rs. 50/- not entered in cash book.
 - (h) Receipt of Rs. 900 paid into the bank on 30th June 2009 did not appear on the bank statement until 1st July 2009.
 - (i) Cheque dishonoured not entered in the cash book Rs. 50/-.
 - (j) The bank received a direct deposit of Rs. 100/- from an anonymous member.
 - (k) Cheques paid into the bank had been incorrectly totalled. The total amount should have been Rs. 170 instead of Rs. 150. Accordingly bank has given credit of Rs. 150 instead of Rs. 170.

8. What is a cash budget ? What are the different techniques for preparing a cash budget ? 15
9. Explain the specific controls for R 2 R with respect to : 15
- (a) Reconciliation
- (b) Fixed Asset
10. What is revaluation of fixed asset ? Why it is necessary to revalue fixed assets ? Discuss various methods for the same. 15
11. Provided below is information for Masters factory that acquired new equipment on 1st January 2008. 15
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|-----------------------|-----------|
| Purchase price | \$ 12,000 |
| Delivery cost | \$ 1,000 |
| Estimated useful life | 3 years |
| Estimated No of units | 30,000 |
| in year 1 | 8,000 |
| in year 2 | 5,000 |
| in year 3 | 17,000 |
| Salvage value | \$ 4,000 |
- Required :
- (a) Apply three depreciation method below to determine depreciation for the equipment for 3 years
- straight line method
 - double declining balance method
 - units of production method.
- (b) Prepare Journal entries for the double declining method, provided the company sold the equipment at the end of 2010 for \$3000.