

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

Term-End Examination

December, 2010

BPOI-005 : RECORD TO REPORT (R2R)

00761

Time : 3 hours

Maximum Marks : 100

Note : *There are three sections and all the three sections are compulsory.*

SECTION - A

Attempt all the questions :

1. State whether the following statements are true or false. 5
- (a) Payment made by the bank on behalf of its customers will increase the balance in the passbook as compared to the cash book.
 - (b) Lockbox system is a method for accelerating cash outflows.
 - (c) Cash management is a trade off between cost of carrying cash and the necessity of maintaining liquidity.
 - (d) Under diminishing balance method the depreciation is calculated on the original cost of the asset.
 - (e) Principle mistake refers to an accounting entry error such as Capital Vs Revenue.

2. Fill up the blanks :

5

- (a) _____ is the most liquid asset that a business owns.
- (b) The term "float" refers to the time taken to collect cheques from the _____ after the payment falls due.
- (c) The preparation of cash budget by the method of adjusted profit and loss account is also known as _____.
- (d) Metrics for time taken to perform an activity is called _____.
- (e) Metrics refers to measure of _____.

SECTION - B

3. Attempt *any three* question : 3x5=15

- (a) Explain causes of external depreciation.
- (b) Explain Timeliness Errors.
- (c) Explain with example
 - (i) Standard entries
 - (ii) Adhoc entries
- (d) Explain Intercompany Reconciliation.

4. Answer all the *three* questions. 3x5=15

- (a) On 1st January 2008. X Ltd. purchased a roasting machine for Rs. 60,000/- and grinding machine for Rs. 40,000/-. On 1.1.2009 they purchased one oil expeller for Rs. 1,00,000/-. On 1.1.2010 the roasting machine got out of order and new roaster machine was purchased costing Rs. 1,20,000/- after surrendering old one and paying cash Rs. 90,000/-.

Depreciation is charged @ 10% p.a on diminishing balance method.

Calculate depreciation for 2009 and 2010.

- (b) The annual cash requirement of P Ltd. is Rs. 5,00,000/-. The company has marketable securities in lot size of 50,000/-, Rs. 1,00,000/-, Rs. 1,25,000/-, 2,50,000/-. Cost of conversation of marketable securities per lot is Rs. 2000/-. The company can earn 5% annual yield on its securities. You are require to prepare a table indicating which lot size will have to be sold by the company.
- (c) Explain motives of Holding Cash.

SECTION - C

Answer *any four* questions including question No. 5 which is compulsory. 4x15=60

5. Prepare a Bank Reconciliation Statement as on 31st May 2008 from the following particulars.
- (a) Balance as per cash book (Dr.) - 1900/-
 - (b) A cheque paid to S Ltd. for Rs. 340/- had 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 transfer of Rs. 1500/- to the Saving Bank had not been entered in the cash book.
 - (e) A receipt of Rs. 10/- shown on the bank statement has not been entered in the cash book.
 - (f) Cheques drawn amounting to Rs. 40/- had not been presented into the bank.
 - (g) The cash book balance had been incorrectly brought down as 1st May 2008 as a debit balance of Rs. 1200/- instead of a debit balance of Rs. 1100/-.
 - (h) Bank charges of Rs. 20/- did not appear in the cash book.
 - (i) Receipt of Rs. 900/- paid into the bank on 31st May 2008 did not appear on the bank statement until 1.6.2008.
 - (j) A standing order payment of Rs. 30/- had not been entered in the cash book.

6. Explain the different methods of Cash Management in detail ?
7. Explain the generic metrics for R2R.
8. Define cash budget ? Explain the different techniques used for preparing a cash budget ?
9. The following relates to the business of a manufacturer for the year ended 31.12.2008.
 - (a) The debit balance of the plant and machinery as on 1.1.2008 was Rs. 2,68,400/-
 - (b) During the year three machines standing in the books at Rs. 12,860 were sold for Rs. 6000/-
 - (c) On 1.4.2008, new machines costing Rs. 58,800 were purchased and were installed by the manufacturer's workmen at an expenditure of Rs. 2,160/- (i.e wages Rs. 1740/- and Material Rs. 420/-).
 - (d) It is the practice of the business to write off 15% depreciation on all additions to plant and 20% on all old plants.

Prepare Plant and Machinery Account as it would appear on 31.12.2008.
