**SESSION DEC 2022**

**PROGRAM BACHELOR OF COMPUTER APPLICATION (BCA)**

**SEMESTER IV**

**COURSE CODE &amp; NAME DCA2204 Principles of Financial Accounting and Management**

**CREDITS 4**

**Set – 1**

**1. a. Who are the users of Accounting Information.**

**Ans:** Internal users: Internal users are owners and managers involved in the day-to-day operations of the business and in long-term strategic planning. They are the ones who are making decisions such as whether to lease or buy equipment or to keep the old equipment and simply keep repairing it. They also decide what products or services to produce and how much of each to supply. They decide on

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**2. Selling price per unit Rs. 20**

**Variable cost per unit Rs. 15**

**Fixed overheads Rs. 20000**

**From the above given data calculate:**

**a. The breakeven sales in Rupees will be.**

**b. If sales are 20% above BEP, determine the net profit**

**Ans:**

**3. a. Explain the advantages and limitations of Ratio analysis.**

**Ans: The following are the important uses (advantages) of ratio analysis.**

1. It is an important and useful tool to check upon the efficiency with which the working capital is being used (managed) in a business enterprise. Ensures efficient management of working

**b. Explain the steps in financial planning.**

**Ans: Steps in Financial Planning:**

**The financial planning process involves the following steps:**

**1. Projection of financial statements:** Financial statements are the company’s profit and loss account and the balance sheet. These two statements can be prepared for a certain period of future time

**Set – 2**

**1. The following information is in respect of Material**

**Re-order quantity = 1500 units**

**Re-order period = 4 – 6 weeks**

**Maximum Consumption = 400 units per week**

**Normal consumption = 300 units per week**

**Minimum consumption = 250 units per week Emergency Re- order period = 2 weeks**

**Calculate:**

**(a) Re-order level**

**(b) Minimum Level**

**(c) Maximum Level**

**(d) Average stock level**

**(e) Danger Level**

Reorder quantity = 1500 units

Maximum units = 400

Normal units = 300

Minimum units = 250

Lead time = 4-8 weeks

**To Find:**

The maximum stock level

**Solution:**

To determine

**2. a. Explain the importance of cost accounting.**

**Ans:** For any enterprise in any industry a cost accounting system is very much necessary. However, it carries more importance in the manufacturing industry. Cost accounting to a manufacturing industry is like a network of nerves in the human body. It’s a must for the survival of the organization in this competitive world. The Cost Accounting system is vital for the manufacturing industry

**3. Pass journal entries for the following transactions.**

**1) Ramesh Sharma started business with cash ₹ 50,000.**

**2) Purchased goods from Virat on credit ₹ 20,000.**

**3) Sold goods to Rahul on credit ₹ 30,000.**

**4) Received Dividend₹ 500 from Reliance Industries.**

**5) Paid for Advertisement ₹1500 to Times of India**

**Ans:** Cash a/C-------Dr 50000

Purchase a/c dr 20000

Virat a/c dr 20000

Cash a/c dr 500

Advertisement exp a/c dr 1500

To virat a/c 20000

To sales a/c 20000

To dividend a/c 500

To cash account 1500

To capital account 50,000