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| **SESSION** | **NOV-DEC 2023** |
| **PROGRAM** | **BACHELOR of COMPUTER ApplicationS(BCA)** |
| **SEMESTER** | **IV** |
| **course CODE & NAME** | **DCA2204 - PRINCIPLES OF FINANCIAL ACCOUNTING AND MANAGEMENT** |
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|  |  |

**Set – 1**

**1.a Explain the double entry Accounting.**

**b. Explain entity concept and Matchingconcepts.**

**Ans 1.**

**a. Double entry Accounting**

Double-entry accounting is a crucial system in the field of accounting, designed to ensure the accuracy and integrity of financial record-keeping. This system is based on a simple yet powerful principle: every financial transaction affects at least two different accounts. The essence of double-entry accounting lies in its ability to maintain a fundamental balance, as expressed in the accounting equation: Assets = Liabilities + Equity. This equation is the cornerstone of

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**Q 2. Pass journal entries for the following transactions.**

**1. Mangesh started business with cash ₹ 2,00,000.**

**2. Purchased goods from Dhoni on credit ₹ 80,000.**

**3. Sold goods to Santoshfor cash ₹ 120,000.**

**4. Received Dividend ₹1,000 from RelianceIndustry.**

**5. Paidrentof ₹3,000to Rakesh.**

**Ans 2.**

**Introduction to Journal Entries**

Journal entries are a fundamental component in the accounting process. They are the first step in the accounting cycle, acting as a chronological record of all financial transactions in an organization. Each entry typically involves a debit and a credit, ensuring the accounting equation (Assets = Liabilities + Equity) remains balanced. Let's examine the journal entries for the specified transactions of a business.

**Journal Entry for Business Initiation**

**3. a.Explain the concept of liquidity decision.**

**b. Explain the factors affecting financial planning.**

**Ans 3.**

**a. Liquidity Decision**

Liquidity decision is a critical aspect of financial management that involves the process of managing a company's cash flow and its ability to meet short-term obligations without incurring unacceptable losses. This concept revolves around the balance between liquidity and profitability, ensuring that the firm has enough liquid assets, like cash and marketable securities, to cover its immediate and short-term liabilities. The primary objective of liquidity management is to maintain a balance where the company has sufficient funds to meet its current liabilities

**Set – 2**

**4.**

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

**Re-order quantity = 6000 units**

**Re-order period = 4 – 6 weeks**

**Maximum Consumption = 1600 units per week**

**Normal consumption = 1200 units per week**

**Minimum consumption = 1000 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**

**Ans 4.**

The calculations are based on the provided data: reorder quantity, reorder period, and various consumption rates.

**a. Re-order Level**

The reorder level is the point at which an order should be placed to replenish stock before it runs out

**5. a. Explain factors affecting the composition of working capital.**

**b. Discuss the functional classification of cost**

**Ans 5.**

**a. Factors Affecting the Composition of Working Capital**

Working capital, the lifeblood of a business, is the capital used in its day-to-day trading operations. It is calculated as the difference between a company's current assets and current liabilities. The composition of working capital is crucial for efficient business operation and is

**3. The summarized final accounts of two companies are as follows: 2.5\*4**

**Balance Sheet**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities**  | **X Ltd** **Rs.**  | **Y Ltd****Rs.**  | **Assets**  | **X Ltd****Rs.** | **Y Ltd****Rs.**  |
| **Share Capital** **Reserves****8% debentures**  | **88,000****42,900****22,000** | **88,000****35,200****22,000** | **Fixed Assets****Current Assets****Less: Current Liabilities**  | **1,21,000****1,25,400****93,500** | **96,800****1,03,400****55,000** |
|  | **1,52,900** | **1,45,200** |  | **1,52,900** | **1,45,200** |

**Revenue Statement for the year**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **X Ltd (Rs.)** | **Y Ltd. (Rs.)** |
| **Sales** **Less: Cost of Sales** **Gross Profit** **Less: Operating Expenses** **Net Profit before Tax** **Less: Tax** **Profit after Tax**  | **3,30,000****2,37,600****92,400****63,800****28,600****12,100****16,500** | **2,64,000****1,98,000****66,000****44,000****22,000****9,240****12,760** |

**You are required to calculate the following ratios for X and Y Ltd.**

**(1) Current Ratio (2) Capital gearing ratio (3) Gross profit ratio (4) Net profit ratio**

**Ans 3.**

To understand the financial performance and position of X Ltd. and Y Ltd., we will calculate and analyze four key financial ratios: the Current Ratio, Capital Gearing Ratio, Gross Profit Ratio, and Net Profit Ratio. These ratios provide valuable insights into the companies' liquidity, financial