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| **SESSION** | **APRIL 2025** |
| **PROGRAM** | **BACHELOR OF COMPUTER APPLICATIONS (BCA)** |
| **SEMESTER** | **VI** |
| **COURSE CODE & NAME** | **DCA2204 PRINCIPLES OF FINANCIAL ACCOUNTING AND MANAGEMENT** |
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**Set-I**

**Q1. Who are the users of Accounting Information. Explain any 2 accounting concepts.**

**Ans 1.**

**Users of Accounting Information and Explanation of Two Accounting Concepts**

**Users of Accounting Information**

Accounting information serves a wide range of users who rely on accurate and timely financial data to make informed decisions. These users can be broadly categorized into internal and external users.

Internal users are individuals within the organization, such as managers, owners, and employees. Managers use accounting data to assess the financial health of the business, make strategic decisions, and prepare budgets and forecasts. Employees may also be interested in the financial position of the company to understand job security, performance bonuses, and promotion

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**Q2. 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 2\*5**

**Ans 2.**

**Journal Entries for the Given Transactions**

In accounting, a journal entry records a financial transaction in the books of accounts. Each transaction affects two or more accounts and follows the double-entry system, which means every debit must have a corresponding credit.

**Transaction 1: Ramesh Sharma started business with cash ₹ 50,000**

* **Explanation**: Cash is coming into the business (asset increase), and Capital is a liability

**Q3.a. Explain the concept of liquidity decision.**

**b. Explain factors affecting the composition of working capital. 5+5**

**Ans 3.**

**Concept of Liquidity Decision**

A liquidity decision refers to a company’s ability to manage its short-term obligations by maintaining an appropriate level of liquid assets. In financial terms, liquidity is the ease with which assets can be converted into cash without a significant loss in value. Therefore, a liquidity decision involves determining the right balance between liquid (easily convertible to cash) assets and profitable investments that may be less liquid.

The goal of liquidity management is to ensure that the business has enough cash or liquid assets to meet its day-to-day operational expenses, such as paying wages, settling supplier invoices, and

**Set-II**

**Q4. 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 5+5**

**Ans 4.**

Break-Even Point and Net Profit Calculation

Given Data:

* Selling Price per Unit (SP) = ₹20
* Variable Cost per Unit (VC) = ₹15
* Fixed Overheads (FC) = ₹20,000

**Calculation of Break-Even Sales (in Rupees)**

The break-even point (BEP) is the level of sales at which total revenue equals total cost, resulting

**Q5a. Explain the importance of cost accounting.**

**b. Discuss the functional classification of cost 4+6**

**Ans 5.**

**Cost Accounting – Importance and Functional Classification of Cost**

**a. Importance of Cost Accounting**

Cost accounting is a vital branch of accounting that deals with the recording, classification, analysis, and interpretation of the costs incurred in producing goods or delivering services. It provides management with detailed cost data essential for controlling operations, optimizing resource utilization, and enhancing profitability. One of the primary reasons businesses rely on

**Q6. a. Explain the advantages and limitations of Ratio analysis.**

**b. Explain the steps in financial planning. 5+5**

**Ans 6.**

**a. Advantages and Limitations of Ratio Analysis**

Ratio analysis is a powerful financial tool that simplifies the complexities of financial statements into key indicators of business performance. Ratios provide a quantitative assessment of various financial aspects, including liquidity, profitability, efficiency, and solvency. By comparing relationships between figures in the financial statements, ratio analysis helps stakeholders make informed decisions.

One of the major advantages of ratio analysis is that it enables trend analysis. By evaluating