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Code No: 841AE

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MCA I Semester Examinations, May - 2022
ACCOUNTING AND FINANCIAL MANAGEMENT

Time: 3 Hours **Max.Marks:75**

Answer any five questions
All questions carry equal marks
- - -

1.a) What are the various books of account? Explain the objectives of Trial Balance.
b) Record following transactions in the Purchases Journal and port them in the ledger.

2018

Jan.1	Purchased from Ram & co. on credit	
	38 immersion heaters	@ Rs.200/-
	20 tube lights	@ Rs.500/-
Jan. 4	Purchased from Shyam &co. on credit	
	40 immersion heaters	@ Rs.200/-
	20 tube lights	@ Rs.450/-
Jan. 8	Purchased from Bajaj &co. on credit	
	20 Electric Irons	@ Rs.600/-
	3 electric mixers	@ Rs.2,000/-
Jan. 24	Purchased from KC & Co. on credit	
	30 Electric Kettles	@ Rs.300/-
	40 able fans	@ Rs. 1500/-

[7+8]

2.a) Explain Accounting cycle.
b) Explain the term convention of Disclosure and going concern concept. [7+8]

3. The well-established company's most recent balance sheet is as follows

Liabilities	Amount	Assets	Amount
Equity Capital(₹10 per share)	₹6,00,000	Net fixed assets	₹15,00,000
10% Lon-term debt	₹8,00,000	Current assets	₹ 5,00,000
Retained earnings	₹2,00,000		
Current liabilities	₹4,00,000		
Total	₹20,00,000	Total	₹20,00,000

The company's total assets turnover ratio is 3, its fixed operating costs are ₹10,00,000 and the variable costs ratio is 40 percent. The income tax rate is 35 percent.
a) Calculate all the three types of leverages.
b) Determine the likely level of EBIT if EPS is i) ₹1 ii) ₹3 and iii) zero. [7+8]

4.a) Explain the goals of financial management.
b) How weighted average cost of capital is calculated? [7+8]

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5.a) Explain the uses of ratio analysis.

b) The following is an extract of a balance sheet of a company during the last year. Compute current ratio and quick ratio. Also interpret the ratios.

Land and buildings	Rs. 1,50,000/-
Plant and Machinery	Rs.3,00,000/-
Furniture and fixtures	Rs.1,25,000/-
Closing stock	Rs. 25,000/-
Sundry debtors	Rs. 62,500/-
Wages prepaid	Rs. 7,500/-

[6+9]

6.a) Distinguish between statement showing changes in working capital and funds flow statement.

b) What is a cash flow statement? [8+7]

7.a) Why Breakeven point is critical to an organization and its managerial implications? Discuss.

b) Explain about sales budget and cash budget. [8+7]

8. A company is planning to purchase a machine to meet the increased demand for its products in the market. The machine costs ₹ 5,00,000 and has no salvage value. The expected life of the machine is 5 years, and the company employs straight line method of depreciation for tax purposes. The estimated earnings after taxes are ₹ 50,000 each year for 5 years. The after-tax required rate of return of the company is 12 percent. Determine the IRR. [15]

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