

Code No: 841AE

**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MCA I Semester Examinations, June/July - 2018****ACCOUNTING AND FINANCIAL MANAGEMENT****Time: 3hrs****Max.Marks:75**

**Note:** This question paper contains two parts A and B.  
Part A is compulsory which carries 25 marks. Answer all questions in Part A. Part B consists of 5 Units. Answer any one full question from each unit. Each question carries 10 marks and may have a, b, c as sub questions.

**PART - A****5 × 5 = 25 Marks**

1. Answer the following briefly:
- a) Intangible Assets. [5]
  - b) Cost of Debt [5]
  - c) Operating Ratio. [5]
  - d) Margin of safety [5]
  - e) Capital budgeting decision. [5]

**PART - B****5 × 10 = 50 Marks**

2. How do you prepare the Profit and Loss Account and Balance sheet of the firm? Explain the procedure step by step. [10]
- OR**
3. From the following transactions find out the nature of account and also state which Account should be debited and the other to be credited.
- (a) Wages paid.
  - (b) Discount received.
  - (c) Interest paid.
  - (d) Machine purchased for cash.
  - (e) Furniture sold.
  - (f) Outstanding rent. [10]
4. Explain the Role of the financial manager in a modern business concern. [10]
- OR**
5. A firm has Sales of Rs.10,00,000, Variable cost 55% of sales, Fixed cost Rs.150000 and Debt of Rs.6,00,000 with 10% interest. Compute operating and financial Leverages.[10]
6. Discuss the following:
- a) Cash Flow statement b) Profitability Ratios. [5+5]
- OR**
7. With the help of the following information calculate fixed assets.  
Equity is Rs.1,00,000 and the relevant ratios of the firm as follows:  
Current debt to total debt 0.40 ; Total debt to owners equity 0.60  
Fixed assets to owners equity 0.60  
Total assets turnover 2 times; Inventory turnover 8 times. [10]

8. Discuss the practical applications and limitations of Break-even analysis. [10]

**OR**

9. A factory which expects to operate 7,000 hours, i.e., at 70% level of activity, furnishes details of expenses as under:

Variable expenses	₹ 1,260
Semi-variable expenses	₹ 1,200
Fixed expenses	₹ 1,800

The semi-variable expenses go up by 10% between 75% and 85% activity.  
Construct a flexible budget for 80 per cent activity level. [10]

10. Explain the methods and sources of mobilizing working capital. [10]

**OR**

11. A limited company is considering investing in a project requiring a capital outlay of Rs. 20,000. The annual cash inflows after taxes are as follows:

Year	Rs.
1	10,000
2.	10,000
3.	6,000
4.	8,000
5.	8,000

You are required to evaluate the project according to NPV at 10% cost of capital and suggest whether the project is accepted or not. The present value factors at 10% from 1<sup>st</sup> year to 5<sup>th</sup> year are 0.91, 0.86, 0.75, 0.68 and 0.62 respectively. [10]

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