R15

Code No: 821AE

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 Marks = 25

1.a) What is a cash book? Explain the significance of 'three column'cash book. [5]
b) What do you understand by a 'working capital'? What are the sources of raising working capital? [5]
c) Differentiate 'funds flow statement' from 'cash flow statement'. [5]
d) What is the significance of Break-even analysis? Bring out the important managerial uses of Break-even analysis. [5]
e) Define 'Payback period'. What are the advantages and limitations of Payback method in financial appraisal of a project? [5]

PART - B

5 × 10 Marks = 50

2.a) Differentiate Trial balance from 'Balance sheet'.
b) Prepare the Trial Balance as on 31-12-2017 from the following balances of Mr. Mohan. [5+5]

	Rs.		Rs.
Capital	1,70,000	Creditors	6,500
Drawings	2,000	Salaries	19,100
Purchases	47,000	Sales returns	1,700
Purchase return	1,200	Carriage inwards	700
Bills receivable	2,900	Bills payable	3,500
Debtors	8,000	Sales	72,000
Printing and stationary	2,500	Insurance	1,100
Stock	14,950	Machinery	25,000
Wages	2,500	Rent	800
Land	1,25,000	Electricity charges	1,200
Interest received	850	Commission received	400

OR

3.a) Enunciate the principles of accounting.
b) What is double entry system of book keeping? What are its advantages? [4+6]

4.a) A firm has a sales of Rs. 10,00,000, variable cost of Rs.7,00,000 and fixed costs of Rs.2,00,000 and debt of Rs.5,00,000 at 10% rate of interest. What are the operating, financial and combined leverages?

b) What are the major functions of finance manager of a business enterprise? [5+5]

OR

5.a) A company raised preference share capital of Rs. 40,00,000 by issue of 10% preference shares of Rs.100 each. Calculate the cost of preference capital when they are issued at i) 10% premium and at ii) 10% discount.

b) What do you understand by the term 'cost of capital'? How would you calculate it? [5+5]

6.a) Ramesh & Co. sells goods on cash as well as credit. The following particulars are extracted from their books of account for the calendar year 2016.

Total gross sales	Rs. 10,00,000
Cash sales (included in the above)	Rs. 2,00,000
Sales returns	Rs. 70,000
Total sundry debtors as on 31/12/16	Rs. 90,000
Bills receivables as on 31/12/16	Rs. 20,000
Provision for doubtful debts on 31/12/16	Rs. 10,000
Total creditors 31/12/16	Rs. 1,00,000

Calculate the average collection period.

b) What are the limitations of cash flow statement? [6+4]

OR

7.a) Explain briefly the significance of Funds Flow statement.

b) Compute the payout and retained earnings ratio from the following data:

Net profit Rs.	10,000	no. of equity shares	3000
Provision for tax Rs.	5,000	dividend per equity share	Rs. 0.40
Preference dividend Rs.	2,000		

[5+5]

8. John & Co. has supplied you the following information in respect of one of its products.

	Rs.
Total fixed costs	18,00,000
Total variable costs	30,00,000
Total Sales	60,00,000
Units sold	20,000

Find out a) Contribution per unit, b) break-even point, c) margin of safety d) profit and e) volume of sales to earn a profit of Rs.24,00,000. [10]

OR

9.a) What is a flexible budget? Under what circumstances would you recommend flexible budgeting?

b) What are the preparatory measures needed before formulating a budget? [5+5]

10. A company has to choose one of the following two mutually exclusive projects. Both projects have to be depreciated on straight line basis. The tax rate is 40%. Using pay-back approach, evaluate the two projects. [10]

year	cash inflow for project A Rs.	cash inflow for project B. Rs.
0	-- 16,00,000	--16,00,000
1	4,20,000	4,80,000
2	4,80,000	4,80,000
3	7,00,000	5,20,000
4	8,00,000	5,00,000
5	5,00,000	10,00,000

OR

11. A company wants to purchase a plant for its expanding operations. The desired plant is available at Rs.30,00,000 in cash or Rs.45,00,000 to be paid in 5 equal installments due at the end of each year. Assuming the required rate of return of 15 per cent, which option should the company exercise? Ignore taxes. [10]

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