

R15
Code No: 821AE
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

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- 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]

- 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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