

**R15**

Code No: 821AE

**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MCA I Semester Examinations, August - 2017****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. Answer the following in about 5 sentences each:

- a) Current Assets. [5]
- b) Causes and consequences of over capitalization. [5]
- c) Statement of changes in working capital. [5]
- d) Master Budget. [5]
- e) Payback period method and its limitations. [5]

**PART - B****5 × 10 Marks = 50**

2. Explain the procedure to be followed while preparing.

- a) Trial balance    b) Trading account [5+5]

**OR**

3. Pass a compound journal entry in each of the following cases:

- a) Payment made to Ram Rs. 1,000. He allowed a cash discount of Rs. 50.
- b) Cash received from Suresh Rs. 800 and allowed him Rs. 50 as discount.
- c) A running business was purchased by Mohan with following assets and liabilities:  
Cash Rs. 2,000 land Rs. 4,000, furniture Rs. 1,000, stock Rs. 2,000, creditors Rs. 1,000, bank overdraft Rs. 2,000. [10]

4. How do you compute the Weighted Average Cost of Capital of a firm? [10]

**OR**

5. Raj Limited has the following capital structure.

	Rs.
100000 Equity shares	40,00,000
9% Preference shares	20,00,000
15% Debentures	30,00,000
14% Long - term loans	10,00,000
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	1,00,00,000
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Compute WACC based on existing capital structure. The market price of the companion share is Rs. 50. The company is to pay a dividend of Rs. 5 per share next year and the dividend will grow at 8% per year. The tax rate is 50%. [10]



6. Discuss the following Ratios and the point out inputs needed to prepare them.  
a) Current Ratio b) Net profit Ratio c) Stock turnover Ratio. [10]

**OR**

7. From the following Profit and Loss Account, you are required to compute cash from operations. [10]

**Profit and Loss Account**  
For the year ending 31 December 2016

	₹		₹
To Salaries	5,000	By Gross Profit	25,000
To Rent	1,000	By Profit on Sale of	5,000
To Depreciation	2,000	Land	
To Loss on sale of Plant	1,000	By Income-Tax	3,000
To Goodwill written off	4,000	Refund	
To Proposed Dividends	5,000		
To Provision for Taxation	5,000		
To Net Profit	10,000		
	33,000		33,000

8. Explain the practical applications 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 85% and 95% activity. Construct a flexible budget for 90 percent activity. [10]

10. Answer the following:  
a) Sources of raising capital b) Accounting Rate of Return. [5+5]

**OR**

11. A project cost Rs.50,000 and the estimated cash inflow is Rs.10,000 for 5 years. The cost of capital is 10%. Calculate NPV and suggest whether the project is accepted or not. The present value factor of an annuity of Re.1 at 10% in 5 years is 3.791. [10]

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