## Code No: 821AE

# JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD <br> 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 $\mathrm{a}, \mathrm{b}, \mathrm{c}$ as sub questions.

## PART - A

$$
5 \times 5 \text { Marks }=25
$$

1. Answer the following in about 5 sentences each:
a) Current Assets.
b) Causes and consequences of over capitalization.
c) Statement of changes in working capital.
d) Master Budget.
e) Payback period method and its limitations.

## PART - B

$$
\begin{equation*}
5 \times 10 \text { Marks }=50 \tag{5+5}
\end{equation*}
$$

2. Explain the procedure to be followed while preparing.
a) Trial balance
b) Trading account

## 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.
4. How do you compute the Weighted Average Cost of Capital of a firm?

## OR

5. Raj Limited has the following capital structure.

100000 Equity shares
9\% Preference shares
$15 \%$ Debentures
$14 \%$ Long - term loans

Rs.
40,00,000
20,00,000
30,00,000
10,00,000
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.
OR
[10]
7. From the following Profit and Loss Account, you are required to compute cash from operations.

## 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.

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. Answer the following:
a) Sources of raising capital
b) Accounting Rate of Return.

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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