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# Code No: 821AE JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD MCA I Semester Examinations, August - 2017 ACCOUNTING AND FINANCIAL MANAGEMENT

### Time: 3hrs

**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

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

		$5 \times 10 \mathrm{M}$	arks = 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 o	f Rs. 50.	
	b) Cash received from Suresh Rs. 800 and allowed him Rs. 50 as c	liscount.	
	c) A running business was purchased by Mohan with following as	sets and liabil	ities:
	Cash Rs. 2,000 land Rs. 4,000, furniture Rs. 1,000, stocl	c Rs. 2,000,	creditors
	Rs. 1,000, bank overdraft Rs. 2,000.		[10]
	S.		
4.	How do you compute the Weighted Average Cost of Capital of a fi	rm?	[10]
	S 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	
		1,00,00,000	

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]

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# Max.Marks:75

 $5 \times 5$  Marks = 25



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6. Discuss the following Ratios and the point out inputs needed to prepare them.a) Current Ratiob) Net profit Ratioc) Stock turnover Ratio.

[10]

### OR

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

	₹		₹
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

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

8. Explain the practical applications of Break-even analysis.	8.	Explain the prac	ctical applications	of Break-even	analysis.
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[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	CO.	₹1,260
Semi-variable expenses	d'	₹1,200
Fixed expenses	Xo	₹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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