



Code No: 821AE

R15**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MCA I Semester Examinations, January - 2018****ACCOUNTING & 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) Discuss different accounting conventions. [5]
- b) What is undercapitalization and overcapitalization? [5]
- c) Draw specimen of cash flow management. [5]
- d) Define budget. What is master budget? [5]
- e) How Internal Rate of Return is different from Net Present Value? [5]

PART - B**5 × 10 Marks = 50**

2. Record the following transactions in the Journal of the Amit Furniture Mart and post them into the Ledger.

2013

- Jan. 1 Started business with cash Rs. 10,000
.. 2 Deposited into bank Rs. 9,000
.. 3 Purchased machinery for Rs. 5,000 from Jawahar and gave him a cheque for the amount.
.. 15 Paid installation charges of machinery Rs.100.
20 Purchased timber from Naveen of the list price of Rs. 2,000.He allowed 10% trade discount.
.. 23 Furniture costing Rs.500 was used in furnishing the office.
.. 25 Sold Furniture to Naresh of the list price of Rs. 1,000 and allowed him 5% trade discount.
.. 28 Received a cheque from Naresh for Rs. 930 in full settlement and sent the cheque To bank.
.. 29 Sent to Naveen in full settlement a cheque for Rs. 1,750
.. 31 Paid wages Rs.350 and rent Rs.200. [10]

OR

3. "Without accounting concepts and conventions objective, reliable, consistent and comparable accounts cannot be maintained." Comment. [10]

4. The following is the capital structure of Aman Ltd as on 10.12.2017:

Equity shares-20,000 shares @ Rs.100 each	20, 00,000
10% Preference Shares of Rs. 100 each	8, 00,000
12% debentures	12, 00,000

The market price of the company's share is Rs. 110 and it is expected that a dividend of Rs. 10 per share would be declared after 1 year. The dividend growth rate is 6%. (a) If the company is in the 50% tax bracket, compute the weighted average cost of capital. (b) Assuming that in order to finance an expansion plan, the company intends to borrow a fund of Rs. 20 lacs bearing 14% rate of interest, what will be the company's revised weighted average cost of capital? This financing decision is expected to increase dividend from Rs. 10 to Rs. 12 per share. However, the market price of equity share is expected to decline from Rs. 110 to 105 per share. [10]

OR

5. What do you mean by financial leverage? Calculate the operating and combined leverage from the following data: (a) Sales 2,00,000 units at Rs. 50 per unit. (b) Variable Cost per unit Rs. 25 (c) Fixed Charges Rs. 25,00,000 (d) Interest Charges Rs. 10,00,000. [10]
6. From the following summary cash account of Y Ltd., prepare statement of cash flows from the current year ended March 31 using direct method. The company does not have any cash equivalent. [10]

Summary Cash Account
For the Current Year Ended March 31

Cash inflows	Rs.(000)	Cash Outflows	Rs.(000)
Opening balance	50	Payment to suppliers	2,000
Issue of equity shares	300	Purchase of fixed assets	200
Receipts from customers	2800	Overhead expenses	200
Sale of fixed assets	100	Wages and salaries	100
		Taxations	250
		Dividends	50
		Repayment of bank loan	300
		Closing balance	150
	3,250		3,250

OR

- 7.a) "Financial Statement Analysis helps to know the financial position of a company". Describe with examples.
- b) What are short and long term solvency ratios? [10]

8. Following are the information given below:
a) Fixed Expenses = Rs. 90,000
b) Variable Cost per unit:
c) Direct Material = Rs. 3
d) Direct Labor = Rs. 2
e) Direct Overheads = 100% of Direct Labor
f) Selling Price per unit = Rs. 12.
You are required to calculate (i) P/V ratio (ii) Break-even sales with the help of P/V ratio
(iii) Sales required to earn a profit of Rs. 4, 50,000. [10]
- OR**
9. What is P/V ratio? "The effect of a price increase is always to increase the P/V ratio, to bring down the break-even point and to widen the margin of safety". Discuss. [10]
10. What is capital budgeting and features of capital budgeting proposals? Why Pay Back Period is not as much effective as NPV? [10]
- OR**
- 11.a) What is method of raising capital?
b) How will you estimate the working capital requirement of a firm? [5+5]

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