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JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MCA I Semester Examinations, June/July - 2018
ACCOUNTING AND FINANCIAL MANAGEMENT

Time: 3hrs **Max.Marks:60**

Note: This question paper contains two parts A and B.
Part A is compulsory which carries 20 marks. Answer all questions in Part A. Part B consists of 5 Units. Answer any one full question from each unit. Each question carries 8 marks and may have a, b, c as sub questions.

PART - A

5 × 4 Marks = 20

1. Explain the following briefly.
a) Subsidiary Books. [4]
b) Comparison of Under and Over Capitalization. [4]
c) Cash Flows from Investing Activities. [4]
d) Time Budgets and Activity Budgets. [4]
e) Joel Dean Yield Method. [4]

PART - B

5 × 8 Marks = 40

2. Define Financial Accounting. Explain Generally Accepted Accounting Principles briefly. [8]

OR

3. From the following Trial Balance of Shri, you are required to prepare final accounts for the year ended 31st March 2005, after making the necessary adjustments. [8]

Particulars	Debit	Credit
Capitl and Drawings	10,000	2,00,000
Freehold Property	60,000	
Plant and Machinery	1,00,000	
Salaries	14,000	
Printing and stationaery	2,000	
Furniture and Fixtures	4,000	
Discount	1,500	
Bills payable		5,700
Debtors and Creditors	25,000	40,000
Insurance	3,000	
Bad debts	600	
Office Rent	2,600	
Loose Tools	2,000	
Provision for Doubtful Debts		4,800
Loan to Sudhir at 10% on 1st Oct 2004	40,000	
Interest on loan to Sudhir		1,000
Cash at Bank	25,000	
Cash in Hand	10,500	
Stock on 31st March 2005	74,000	
Trading Profits		1,17,200
Outsanding Wages, 31st Mar 2005		500
Insurance claim receied for loss		5,000
	374,200	**3,74,200**

Adjustents:

a) Outstanding Salaries Rs. 700
b) Prepaid Insurance Rs. 400
c) Value of loose tools on 31st March 2005 Rs. 1,500
d) Depreciation (on Closing balance): Plant and Machinery at 10%, Furniture and Fixtures at 5%. [8]

4. Write a detailed note on the cost of individual components of capital. [8]

OR

5. Paramount Products Ltd. wants to raise Rs. 100 lakh for diversification project. Current estimates of EBIT from the new project is Rs. 22 lakh p.a.Cost of debt will be 15% for amounts up to and including Rs. 40 lakh, 16% for additional amounts up to and including Rs. 50 lakh and 18% for additional amounts above Rs. 50 lakh.The equity shares (face value of Rs. 10) of the company have a current market value ofRs. 40. This is expected to fall to Rs. 32 if debts exceeding Rs. 50 lakh are raised. Thefollowing options are under consideration of the company. [8]

Option	Debt	Equity
I	50%	50%
II	40%	60%
III	60%	40%

6. Describe the principle ratios which you consider significant while interpreting the published accounts of a company and explain the inferences which be drawn from them. [8]

OR

7. From the following summaries of the Balance Sheet of XY Ltd. s at 31st December 1996 and 1997 and additional information, prepare a statement showing sources and application of funds and a schedule of changes in working capital:

Liabilities	1996(Rs.)	1997(Rs.)	Assets	1996(Rs.)	1997(Rs.)
Share Capital	2,50,000	3,00,000	Land & Buildings	2,25,000	2,15,000
General Reserve	55,000	65,000	Plant	1,75,000	1,99,000
P&L Account	31,000	31,500	Stock	1,10,000	79,000
Bank loan(Short term)	80,000	---	Debtors	90,000	69,900
Sundry Creditors	1,60,000	1,40,200	Cash	6,000	800
Provision for Taxation	30,000	35,000	Bank	---	8,000
	6,06,000	**5,71,700**		**6,06,000**	**5,71,700**

Additional Information:

a) Depreciation was written off plant Rs. 15,000 in 1997
b) Dividend of Rs. 22,000 was paid during 1997
c) Income tax provision made during the year was Rs. 30,000
d) A piece of land has been sold during the year at cost. [8]

8.a) Define Break Even Analysis. Explain Break Even Chart briefly.

b) Assuming that the cost structure and selling prices for remain the same in periods I and II, find out:
Profit Volume ration i) Fixed Cost ii) Break Even Point for Sales iii) Profit when sales are of Rs. 100,000 iv) Sales required to earn a profit of Rs. 20,000 and v)Margin of safety at a profit of Rs. 15,000 vi) Variable Cost in Period II [4+4]

Period	Sales	Cost	Profit
I	1,20,000	1,11,000	9,000
II	1,40,000	1,27,000	13,000

OR

9. The monthly budgets for manufacturing overhead of a concern for two levels of activity were as follows:

Capacity	60%	100%
Budgeted Production (Units)	600	1,000
Rs. **Rs.**		
Wages	1,200	2,000
Consumable Stores	900	1,500
Maintenance	1,100	1,500
Power and Fuel	1,600	2,000
Depreciation	4,000	4,000
Insurance 1,0001,000		
9, 800 12, 000		

You are required to:
a) Indicate which of the items are fixed, variable and semi-variable
b) Prepare a budget for 80% capacity and
c) Find the total cost, both fixed and variable, per unit of output at 60%, 80% and 100% capacity. [8]

10. What is the importance of Capital Budgeting? Explain the process and techniques of capital Budgeting. [8]

OR

11. From the following details relating to two machines X and Y, suggest which machine should be accepted

Particulars	Machine X Rs.	Machine Y Rs.
Cost	56,125	56,125
Estimated Life	5 years	5 years
Estimated Salvage Value	3,000	3,000
Annual Income after tax and Depreciation	Rs.	Rs.
Year 1	3,375	11,375
Year 2	5,375	9,375
Year 3	7,375	7,375
Year 4	9,375	5,375
Year 5	11,375	3,375

Overhauling charges at the end of 3^{rd} year Rs. 25,000
Depreciation has been charged on Straight line method basis. [8]

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