

Code No: 811AE
JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MCA I Semester Examinations, April/May - 2019
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.a) What is double entry system of accounting? What are its benefits? [4]
- b) What is the meaning of weighted average of cost of capital? [4]
- c) What is solvency? State two of the important solvency ratios. [4]
- d) What is a sales budget? What is its significance to other budgets? [4]
- e) What are the advantages and disadvantages of Payback period method in capital budgeting? [4]

PART - B
5 × 8 Marks = 40

2. State under what heading (Personal, Real, or Nominal) would you classify each of the following accounts.
 - a) salary prepaid account
 - b) salary outstanding account
 - c) rent account
 - d) bank account
 - e) insurance unexpired
 - f) proprietor's account
 - g) bad debts account
 - h) furniture account
 - i) goodwill account
 - j) patents account

[8]

OR

3. The following balances are extracted from the books of Mr. Ajit Borkar. Prepare Trial Balance as on 31-12- 2018. [8]

a/c balance	Rs	a/c balance	Rs.
Stock (1-1-2018)	15,000	purchases	1,47,850
drawings	37,400	Capital	1,25,000
Discounts received	500	Discount allowed	475
Sales	1,67,675	furniture	16,500
Sundry creditors	37,500	Bank loan	60,500
Rent	36,250	Printing charges	750
Sundry expenses	10,500	Freight	1,750
taxes	4,750	machinery	1,57,700
Bills receivable	26,250	Bills receivable	15,850
Insurance	600	Carriage outward	750

- 4.a) What are the various roles of finance manager in an organization?
 b) What are preference shares? [6+2]

OR

5. Pradhan Enterprises is currently selling 400 units per year. If the selling price per unit is Rs.1,000, variable cost per unit is Rs.600, and fixed costs are Rs.1,00,000 what is Pradhan's Degree of Operating Leverage at its current level of operations? What will be DOL, if the quantity manufactured and sold rises to 600 units? [8]
6. Complete the balance sheet and sales data (fill in the blanks) using the following financial data: [8]

Current ratio	1.5
Acid test ratio	1.2
Total assets turnover ratio	1.5
Days outstanding in accounts receivable	40 days
Gross profit margin	20 percent
Inventory turnover ratio	5

Balance Sheet

Equity capital	Rs. 50,000	Plant and equipment	-----
Retained earnings	Rs. 60,000	inventories	-----
Debt	-----	Accounts receivables	-----
		Cash	-----
	-----		-----
Sales	-----		
Cost of goods sold	-----		

OR

7. Compute cash from operations from the following figures:
 a) Profit for the year 2012 is a sum of Rs. 10,000 after providing for depreciation of Rs.2000.
 b) The current assets of the business for the year ending 31st Dec. 2011 and 2012 are as follows:

Particulars	31 st Dec 2011	31 st Dec 2012
Sundry Debtors	Rs. 10,000	Rs. 12,000
Provision for doubtful debts	1,000	1,200
Bills receivable	4,000	3,000
Sundry creditors	8,000	9,000
Bills payable	5,000	6,000
Inventories	5,000	8,000
Short term investments	10,000	12,000
Outstanding expenses	1,000	1,500
Prepaid expenses	2,000	14,000
Accrued income	3,000	4,000
Income received in advance	2,000	1,000

[8]

8. Srikanth Glass Limited manufactures three different products P,Q and R. Data for the products are given below:

particulars	'P' (Rs.)	'Q' (Rs.)	'R' (Rs.)
Selling price per unit	30	50	80
Variable cost per unit	20	30	40
Fixed cost attributable to the product	30,000	1,00,000	2,00,000
Sales in units	5,000 units	8,000 units	6,000 units

Calculate the break -even point for each product and for the company as a whole.

[8]

OR

9. Comparative financial data for the Evergreen Co. is given below. Prepare a funds flow statement.

liabilities	2013 (Rs.,000)	2014 (Rs.,000)	Assets	2013 (Rs.,000)	2014 (Rs.,000)
Share capital	720	840	Fixed assets	1200	1440
General reserve	240	300	Less: accrd depn	240	300
Capital reserve	---	12			
P& L a/c	120	240	Net fixed assets	960	1140
7% debentures	360	240	Investment at cost	216	216
			Inventory at cost	240	324
Creditors for expenses	12	14.4	Sundry debtors (less provision)	270	294
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creditors for supply of goods	192	300	Bills receivable	48	78
Proposed dividends	36	42	Prepayment exp	12	14.4
Provision for taxation	84	90	Misc. expenses	14	12
	1764	2078.4		1764	2078.4

During the year 2014 fixed asset, WDV Rs.12,000(depreciation written off Rs.36,000) was sold for Rs.9,000. The proposed dividend of last year was paid in 2014. During the year 2014 investments costing Rs.96,000 were sold and later in the year investments of the same cost were purchased.

Debentures were redeemed at a premium of 10% in 2014. Liability for taxation for 2013 came to Rs.66,000.

During the year 2014 bad debts written off was Rs.18,000 against the provision account.

[8]

10. Pioneer Chemicals is evaluating system for waste disposal. System A which has life of 4 years. The initial out lay and operating cost for the system is expected to be as follows:

particulars	Rs. in millions
Initial outlay	3.2
Annual operating costs	1.2

If the cost of the capital is 12%, calculate the present value of total cost for the life of the waste disposal system at the discounted rate. [8]

OR

- 11.a) What is IRR and how is it calculated?
 b) The cash flows in Rupees for three alternative A, B and C are as given below in Rupees:

year	A	B	C
0	2,00,000	3,00,000	2,10,000
1	40,000	50,000	45,000
2	50,000	60,000	50,000
3	60,000	80,000	45,000
4	25,000	90,000	60,000
5	25,000	80,000	20,000

If the total funds availability is limited to Rs.5.5 Lakhs, which investments will you choose using Payback period approach? [3+5]

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