Code: 9FHS103

MCA I Semester Supplementary Examinations June/July 2018

ACCOUNTING & FINANCIAL MANAGEMENT

(For 2011 (LC), 2012, 2013, 2014, 2015 & 2016 admitted batches only)

Time: 3 hours Max. Marks: 60

Answer any FIVE questions

All questions carry equal marks

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1 Explain the concepts and conventions of financial accounting.

2 From the following information, prepare final accounts for the year ending 31st December 2016.

Particulars	Amount (₹)	Particulars	Amount (₹)
Capital	10,000	Debtors	7,500
Drawings	2,000	Return inwards	300
Purchases	20,800	Return outwards	580
Opening stock	6,900	Carriage inwards	400
Sales	27,500	Wages	325
Creditors	8,100	Salaries	900
Rent	1,000	Interest	480
Discount (Cr.)	270	Carriage outwards	700
Furniture	900	Insurance	900
Machinery	5,000	Bank loan	3,000
Travelling expenses	650	Cash	575
Bad debts	120		

Adjustments:

(i) Closing stock was valued at Rs. 8,500.

(ii) Depreciate machinery and furniture at 10%.

3 Discuss the nature and scope of financial management under the complex business environment of today.

4 Using the below information, you are required to, calculate weighted average cost of capital (WACC) based on book-value and market-value weights assuming a tax rate of 33% for the company.

Sources of finance	Book values (Rs)	market values (Rs)	Cost (%)
Equity share capital	6,00,000	9,00,000	16
Retained earnings	2,00,000	3,00,000	16
Preference capital	3,00,000	3,80,000	11
Debt	5,50,000	6,25,000	9

5 What is ratio analysis? Explain its advantages and limitations with its classification.

6 How do you prepare funds flow statement? State the uses of funds flow analysis.

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7 The total sales and total costs of a company during two years was as follows:

Year	Total sales(Rs)	Total costs (Rs)
2015	2,22,300	1,98,360
2016	2,45,100	2,14,320

You are required to calculate: (i) P/V ratio. (ii) BEP. (iii) Sales required to earn a profit of Rs. 40,000. (iv) Margin of safety for two years.

8 X Ltd. is contemplating two mutually exclusive projects A & B. The following information is available related to two projects.

	Project – A	Project – B	PV@10%
Initial Investment	Rs. 50,000	Rs. 50,000	
CFAT: Year 1	10,000	25,000	0.909
Year 2	20,000	20,000	0.826
Year 3	25,000	15,000	0.751
Year 4	15,000	10,000	0.683
Year 5	10,000	5,000	0.621

Assume firms cost of capital to be 10%.
Advise, which project is preferred?

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