Code No. D-0449

FACULTY OF INFORMATICS

MCA I Year II Semester (Non-CBCS) (Backlog) Examination, April 2022

Subject: Accounting & Financial Management

Time: 3 Hours **Max. Marks: 80**

Note: Answer any five questions from the following. All questions carry equal marks.

1 (a) Define accounting and explain the steps in accounting process.

(b) Pass necessary journal entries and make ledger postings in the books of Ram.

			(₹)
2019	Jan1	Commenced business with cash	50,000
	Jan3	Deposited in bank	40,000
	Jan10	Purchased machinery, payment made by cheque	30,000
	Jan18	Purchased goods for cash	5,000
	Jan20	Sold goods for cash	8,000
	Jan30	Paid salary	2,000

2 (a) What are subsidiary books? Explain any two books in detail.

(b) Prepare the Trial balance from the following information:
Capital ₹27,000; Cash ₹1,900; Bank ₹24,050; Stock of goods ₹4,000; Machinery ₹ 20,000; Furniture ₹4,700; Raj & Co. (Debit balance) ₹950; Loan from bank ₹10,000; Ramana & Co (Credit Balance) ₹2,000; Loan from SBI ₹20,000; Purchases ₹5,000; Sales ₹3,500; Discount allowed ₹100; Profit on sale of machinery ₹50; Repairs ₹200; Freight inward ₹100; Profit on sale of machinery ₹50; newspapers ₹50; Rent ₹500; Salaries.

3 (a) What is the need for analysis of financial statement? Discuss about the techniques of financial analysis.

(b) What are accounting ratios? Discuss their utility and limitations.

4 (a) From the following Trial Balance, prepare Trading and Profit & Loss account for the year ended 31st March, 2018 and Balance sheet as on that data.

Particulars	Debit (₹)	Credit (₹)
Salaries	35,000	
General Expenses	7,000	
Taxes and Insurance	8,000	
Sundry Debtors	25,000	
Stock	46,000	
Purchases	60,000	
Wages	4,000	
Sales		1,50,000
Bank overdraft		17,000
Commission		3,500
Advertising	9,000	
Interest	2,000	
Furniture	60,000	
Building	60,000	
Motor vehicles	80,000	
Capital		1,25,000
Bad debts	2,000	
Provision for doubtful debts		2,000
Loan		60,000
Sundry creditors		40,000
	3,98,000	3,98,000

(b) Given Quick Ratio = 1.5, Current Ratio = 2.8, Working capital = ₹36,000.
Find out: (i) Current assets
(ii) Current liabilities
(iii) Liquid assets and
(iv) Inventory.

5 (a) Describe how working capital needs are financed.
(b) Explain the concept of funds flow statement and state its importance.

6 (a) From the following calculate cash from operations:

Particulars	(₹'000)	Particulars	(₹'000)
To Salaries	5,000	By Gross Profit	25,000
To Rent	1,000	By Profit on sale of land	5,000
To Depreciation	2,000	By Income Tax refund	3,000
To Loss on sale of plant	1,000		
To Goodwill written off	4,000		
To Proposed dividend	5,000		
To Provision for tax	5,000		
To Net Profit	10,000		
	33,000		33,000

(b) What is inventory management? What are the factors which influences inventory?

7 (a) Explain the basic factors which influence the Capital Budgeting decisions.
(b) Write a short note on:
(i) cost of capital (ii) weighted average cost of capital.

8 (a) XYZ Ltd. is considering two projects. Each project requires an investment of ₹10,000. The firm's cost of capital is 10%. The net cash inflows from investments in two projects X and Y are as follows:

Year	1	2	3	4	5
X(₹)	5,000	4,000	3,000	1,000	-
Y(₹)	1,000	2,000	3,000	4,000	5,000

The company has fixed 3 years PBP as the cut-off point. State which project should be accepted.
(b) A firm has the following capital structure as the latest statement.

Source of Finance	Amount (₹)	After Tax Cost (%)
Debt Capital	30,00,000	4.0
Preference Share	10,00,000	8.5
Capital Equity Share	20,00,000	11.5
Capital Retained Earnings	40,00,000	10.0
Total	100,00,000	

Based on the book values compute cost of capital.

9 (a) What do you mean by contribution? How it is computed? State its advantages.
(b) Calculate B.E.P in terms of sales value and in units from the following particulars.
Fixed factory overhead cost ₹80,000
Fixed selling overhead cost ₹10,000
Variable manufacturing cost per unit ₹8
Variable selling cost per unit ₹4
Selling price ₹30.

10 (a) Distinguish between fixed budget and flexible budget.
(b) The following information relates to a flexible budget at 60% capacity. Find out the overhead cost at 50% and 70% capacity and also determine the overhead rates.

	Expenses at 60% capacity (₹)
Variable Overheads:	
Indirect Labour	10,500
Indirect Material	8,400
Semi-variable Overheads:	
Repairs and Maintenance (70% Fixed, 30% variable)	7,000
Electricity (50% Fixed, 50% variable)	25,200
Fixed Overheads:	
Office Expenses including salaries	70,000
Insurance	4,000
Depreciation	20,000
Estimated Direct Labour hours (1,20,000)	

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