Roll No:
(To be filled in by the candidate)

PSG COLLEGE OF TECHNOLOGY, COIMBATORE - 641 004

SEMESTER EXAMINATIONS,   APRIL 2017

MSc – SOFTWARE SYSTEMS   Semester : 4

15XW41   ACCOUNTING AND FINANCIAL MANAGEMENT

Time : 3 Hours   **Maximum Marks : 100**

INSTRUCTIONS:
1. Answer **ALL** questions from GROUP – I.
2. Answer any **FOUR** questions from GROUP – II.
3. Answer any **ONE** question from GROUP – III.
4. Ignore the box titled as **"Answers for Group III"** in the Main Answer Book.

GROUP - I   **Marks : 10 x 3 = 30**

1. What are the functions of financial accounting? Name at least five of them.

2. Explain 'Debit' and 'Credit' for different kinds of transactions.

3. What is a ledger? Why ledger accounts are to be balanced and which statement is prepared there from?

4. Define depreciation. What are the two commonly used methods of calculating depreciation?

5. When is Debt-Equity ratio considered to be favorable? How is it calculated?

6. What method of costing will be used in the following industries? (i) Printing press (ii) Highway development   (iii) Road transport   (iv) Chemical works   (v) Toy Manufacturing (v) Interior decoration.

7. Explain marginal cost equation and its use.

8. Under Types of Standards, what are Ideal Standard, Normal Standard and Basic Standard.

9. Internal rate of return. What is internal rate of return? State the context in which it is used.

10. What do you understand from concept of Time value of money?

GROUP - II   **Marks : 4 x 12.5 = 50**

11. Give 10 reasons as to why bank accounts should be reconciled.

12. Prepare a Trial Balance from the following ledger balances extracted from the books of Dharani & Thaarani for year ended 31.03.2017. Advertisement   charges   account Rs.85,650, Bad debts account Rs.10,000, Capital accounts 14,43,000, Carriage inwards

account Rs.51,750, Carriage outwards account Rs.1,10,000, State Bank account Rs.60,000, Cash on hand Rs.10,500, Cash discount account Rs.20,800; Furniture account Rs.1,10,000; General expenses account 72,400; Insurance premium account Rs. 45,150; Interest received account Rs.24,250; Motor car account Rs. 2,40,000; Postage and telephone expenses account Rs.72,800. Purchase returns account Rs. 1,55,000; Purchase of materials account Rs.15,50,000; Rates and taxes account Rs.25,200; Rent received account Rs.32,200; salaries paid account Rs. 1,60,900. Sales account Rs. 19,87,500. Sales returns account Rs.1,98,000; Stock as on 1.4.2016 Rs. 2,50,000; Trade payable account Rs. 2,00,100; Trade receivable account Rs. 5,00,250; Unsecured loans account Rs. 55,000; wages paid account Rs.1,90,000; welfare expenses account Rs. 23,650.

13. The annual demand of a product is 24000 units . It is produced in batches and the largest size of a single batch is 6000 units. After each batch is complete, the set up cost is Rs.750/-. The annual carrying cost is Rs. 2.25 per unit.

Assume average inventory as one half of the number of units made in each batch. Selecting 4,6,8,12,24 batches per annum, determine annual cost of each batch and state the optimum number of batches to minimize the total cost.

14. From the following particulars, calculate
   a) Total material cost variance
   b) Material price variance
   c) Material usage variance

   and illustrate how the variances calculated is correct

Name of material	Standard		Actual	
	No. of units	Price per unit Rs.	No. of units	Price per unit Rs.
Ammonia	1010	100	1080	120
Borax	410	150	380	180
Carbon	350	200	380	190

15. a) An efficient inventory management system considers which aspects of dealing with goods & materials and what are the other objectives.
   b) What are the areas to be taken care of to control investment in stock of goods & materials?
   c) Explain the two techniques used for inventory management.

GROUP - III
Marks : **1 x 20 = 20**

16. a) What is working capital and what does it comprise of
    b) How is working capital classified
    c) Explain the 10 factors determining working capital requirements.
    d) For forecast of amount of WC required in any concern what issues are to be taken into consideration,
    e) How does Adequacy or Inadequacy of working capital impact any business?

17. You and a few of your friends join to setup a software Development enterprise with an investment of Rs.60 lakhs. The life span of the entity is expected to be 6 years if not developed further. Its scrap value at the end is Rs. 12 lakhs.

    a) What would be the payback period if the expected profits are

       year 1 – Rs 10 lakhs   year 2 – Rs. 12 lakhs

       year 3 – Rs 14 lakhs   year 4 – Rs. 12 lakhs

       year 5 – Rs 10 lakhs   year 6 – Rs. 8 lakhs

    The profit figure given are before charging depreciation to be calculated on SLM basis. Income tax payable will be 25% on Net profit.

    b) Find out the payback period using the Net Present value method if the discount factors for 12% cost of funds is as under at the end of each year

    Year 1 – 0.893; year 2 – 0.797; year 3 – 0.712; year 4 – 0.635; year 5 – 0.567 ; year 6 – 0.507

    c) If an alternate project is available where the profitability will be more by 10% in each year but the life span will be only 5 years, which of the two would be preferable evaluated under net present value method.

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CSK