PEGIE PSGT No of Pages: 3 Course Code : 12

Roll No:

(To be filled in by the candidate)

PSG COLLEGE OF TECHNOLOGY, COIMBATORE - 641 004 SEMESTER EXAMINATIONS, X APRIL - 2014

MSc - SOFTWARE ENGINEERING Semester: 4

ACCOUNTING AND FINANCIAL MANAGEMENT

Time : 3 Hours Maximum Marks: 100

INSTRUCTIONS:

- Group I, Group II and Group III questions should be answered in the Main Answer
- Ignore the box titled as "Answers for Group III" in the Main Answer Book.
- Answer ALL questions from GROUP—I.
- Answer any FOUR questions from GROUP II.
- Answer any ONE question from GROUP III.

GROUP - I

Marks: 10.33 = 30

- Explain the concept of Debit and Credit under double entry system of accounting.
- 2. Pass Journal entries for the following transactions in the books of Shruti & Keerthana Enterprises during the month of March 2014.
 - a) Purchase of goods from Ramanathan Rs.75,000.
 - b) Purchase of computers for Rs.1,20,000 from Aditya Inc by payment of advance Rs.60,000 by cheque.
 - c) Loan availed from Indian Bank Rs.60,000.
 - d) Cash Sales effected Rs.1,00,000
- Define 'Depreciation'. What are depletion and Amortisation?
- Non profit organizations what are they? Give 3 examples. What will be the method of accounting adopted by them.
- Cost Accounting for which kind of activity they are important. State three main objectives.
- What are the different methods of costing. Name one industry for each method
- Explain marginal cost equation and state how it is utilised.
- 8. What are 'overheads'? Where and how is it absorbed?
- Explain cost of Capital under Capital Budgeting.
- Discounted Cash Flow method where is it used and how it differs from ordinary cash flow.

GROUP - II

Marks $:4 \times 12.5 = 50$

 Apama & Thiksha Co., received the statement of account from Central Bank of India for the month of February 2014. It was noticed that the balance shown there was Rs.71,750. However, as per the books of account of the business it was Rs.2,73,250 as on 28.02.2014.

The following differences are found out when both the records are compared

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1) 10.2.2014 Cash deposited in the Bank Rs.10,000 has been entered as Rs.20,000 by the cashier.

- 2) 14.2.2014 Cheque for Rs.1,80,000 received from Prabhu has been returned unpaid.
- Cheque issued to parties have not been presented for payment by them

Kowsika Software Rs.3,50,000 15.2.2014 18.2.2014 Haseena Enterprises Rs. 60,000 21.2.2014 Hari Foods 72,000

- 4) As per bank statement Bank has charged interest of Rs.1,20,000 on loan as on 28.2.2014 and Rs.5,000 as service charges which have not been noticed earlier.
- Insurance Premia paid by Bank as per standing instructions is Rs.1,44,000.
- Cheques received from following customers and deposited in Bank a/c has not yet been cleared)

24.2.2014	Priyanka Engineering	Rs.1,87,500
25.2.2014	Lokesh Consulting	Rs.1,65,000
26.2.2014	Smriti Designers	Rs. 84,500

- Cash withdrawn from bank for salary payments as on 28:2.2014, Rs.7,50,000 entered as Rs.9,50,000 by cashier.
- Amount of Rs.1,32,000 sent by Narayani & Co. through RTGS to bank on 27.2.14 not entered by casher.
- FD interest credited by bank on 27.2.2014, Rs.96,500 was noticed only alter the statement was received and not entered in the books of account earlier.
- 10) Cheque for Rs.1,26,000 issued for sales tax due has not been entered by the cashier.
- What do you understand by 'Classification of Costs'. Describe at least 10 different classification giving 2 examples for each of them.
- Discuss in detail the concepts involved in Management of Inventory. Also explain the PSG TECH PSG TECH PSG TECH two Techniques used in relation to materials and consumable stores and spares.
- a) Explain how the following ratios are calculated and state their significance.
 - Gross Profit Ratio
 - Operating Profit Ratio
 - Debt Equity Ratio
 - 4) Quick Ratio
 - Stock Turnover Ratio
 - Return on Capital employed
 - Debit Service Coverage Ratio

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b) When current ratio is 1.8, value of working capital Rs.60,000, find out the value of current assets and current liabilities.

- 15. a) Explain in detail different Types of Working Capital.
 - b) Describe the factors affecting the determination of working capital requirements.
 - c) What are the advantages and disadvantages of having adequate/inadequate working

GROUP - III Marks: 1 x 20 = 20

PSG TECH PSG TECH Prepare a Profit & Loss account and Balance Sheet from the Trial Balance extracted from the books of account of Mala & Sharanya for the year 31.3.2014. PSG TECH PSG TECH

Particulars	50		m the books of account of Maia & Shara	nya tor the ye	par 31.3.2014.
Discount received Office maintenance expenses Goods purchases Sales Buildings Motor Car Interest paid Telephone expenses Carriage inwards Land Postage & Courier Purchases Returns Stock as on 1.4.2013 Trade receivables Loan from Bank Rent paid 25,000 25,000 7,50,000	50 CH	A.	Particulars'		Credit Rsc. X
Discount received Office maintenance expenses Goods purchases Sales Buildings Motor Car Interest paid Telephone expenses Carriage inwards Land Postage & Courier Purchases Returns Stock as on 1.4.2013 Trade receivables Loan from Bank Rent paid 25,000 25,000 7,50,000	TEN		Capital Account	6	17,50,000
Discount received Office maintenance expenses Goods purchases Sales Buildings Motor Car Interest paid Telephone expenses Carriage inwards Land Postage & Courier Purchases Returns Stock as on 1.4.2013 Trade receivables Loan from Bank Rent paid 25,000 25,000 7,50,000	3 ^G	09	ICICI Bank a/c	2,35,000	6, 620,
Buildings 10,00,000 Motor Car 2,20,000 Interest paid 30,000 Telephone expenses 15,000 Power charges 75,000 Carriage inwards 40,000 Land 1,00,000 Postage & Courier 10,000 Purchases Returns Stock as on 1.4.2013 1,20,000 Trade receivables 4,00,000 Loan from Bank Rent paid 40,000	140	`	Salaries & Wages	70,000	- N N N
Buildings 10,00,000 Motor Car 2,20,000 Interest paid 30,000 Telephone expenses 15,000 Power charges 75,000 Carriage inwards 40,000 Land 1,00,000 Postage & Courier 10,000 Purchases Returns Stock as on 1.4.2013 1,20,000 Trade receivables 4,00,000 Loan from Bank Rent paid 40,000	LEO.			180	25,000
Buildings 10,00,000 Motor Car 2,20,000 Interest paid 30,000 Telephone expenses 15,000 Power charges 75,000 Carriage inwards 40,000 Land 1,00,000 Postage & Courier 10,000 Purchases Returns Stock as on 1.4.2013 1,20,000 Trade receivables 4,00,000 Loan from Bank Rent paid 40,000	gG '	_c	Office maintenance expenses	20,000	G' CG' CG'
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Telephone expenses 15,000 Power charges 75,000 Carriage inwards 40,000 Land 1,00,000 Postage & Courier 10,000 Purchases Returns 65,000 Stock as on 1.4.2013 1,20,000 Trade receivables 4,00,000 Rent paid 40,000	"FCK		Sales C	Sign	/.50,000
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Telephone expenses 15,000 Power charges 75,000 Carriage inwards 40,000 Land 1,00,000 Postage & Courier 10,000 Purchases Returns 65,000 Stock as on 1.4.2013 1,20,000 Trade receivables 4,00,000 Rent paid 40,000	2	6:	Motor Car	2,20,000	DE SECUL
Telephone expenses 15,000 Power charges 75,000 Carriage inwards 40,000 Land 1,00,000 Postage & Courier 10,000 Purchases Returns 65,000 Stock as on 1.4.2013 1,20,000 Trade receivables 4,00,000 Rent paid 40,000	CH		Interest paid	30,000	-W '-GG'
Purchases Returns Stock as on 1.4.2013 Trade receivables Loan from Bank Rent paid 10,000 65,000 1,20,000 4,00,000 8,50,000	atr		Telephone expenses	7	LEO, L P11
Postage & Couner 10,000 Purchases Returns 65,000 Stock as on 1.4.2013 1,20,000 Trade receivables 4,00,000 Rent paid 40,000		0	Power charges 5		G. LOW LEON
Purchases Returns Stock as on 1.4.2013 Trade receivables Loan from Bank Rent paid 10,000 65,000 1,20,000 4,00,000 8,50,000	140	4	Carriage inwards	40,000	GT AG
Postage & Couner 10,000 Purchases Returns 65,000 Stock as on 1.4.2013 1,20,000 Trade receivables 4,00,000 Rent paid 40,000	LEO.		Land	1,00,000	(P)
Loan from Bank Rent paid 4,00,000 8,50,000 8,50,000	3	09	Postage & Courier	10,000	CH FOR CH
Loan from Bank Rent paid A,00,000 4,00,000 8,50,000 A0,000		Y	Purchases Returns		65,000
Loan from Bank Rent paid 4,00,000 40,000 40,000	ECK		Stock as on 1.4.2013	1,20,000	62 020
Loan from Bank	3		Trade receivables	4,00,000	CH CH'
Rent paid		6	Loan from Bank	0	8,50,000
Investments 80,000 Advertisement 65,000 Trade payables 5,00,000 Machinery & Equipments 11,00,000 Other Income 10,000 Page No: 3	CH		Rent paid	40,000	SG SG
Advertisement	TEN		Investments	80,000	1 Kg Kg
Trade payables	,	o	Advertisement	65,000	LECK LECK LECK
Machinery & Equipments 11,00,000 10,000 10,000 Total 39,50,000 39,50,000	N	1	Trade payables	کے د	5,00,000
Other Income 10,000 10,000 39,50,000 Page No: 3	VEC.		Machinery & Equipments	11,00,000	8 8 85
Page No: 3	5		Other Income	CON	10,000
Page No: 3	-1	3	Total	39,50,000	39,50,000
	62		Page	No: 3	42 42
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Further adjustments to be made

- Provide depreciation at 15% on machinery and 20% on car.
- Stock on hand as on 31.3.2014, Rs.3,20,000.
- 17. Gayatri & Gayatri LLP which is poised for diversification has been offered two alternatives by a consultant the details of which is given below:

ago '	ago .	056	Project A	Project B
62	P. J.		Rs.	Rs.
Initial Investme	nt KECK	ECH	12,00,000	15,00,000
Life of Machine	is as G	CG V	4 years	5 years
Scrap Value	6.0	62	2,00,000	1,00,000
Working capita	l required	-CCh	CCh	LEC.
At the end	of year 1	CG TV	2,00,000	1,80,000
At the end	of year 2	62	1,50,000	2,50,000
Net profit earne	ed before deprecia	, SCH	- 68	
Year 1	TEU	GTE	5,00,000	4,00,000
SYear 2	056	450	2,50,000	1,80,000
Year 3	42	143	4,00,000	7,00,000
Year 4	TEU	TEU	3,50,000	2,00,000
Year 5	250	25G	ago '	5,00,000

- a) Depreciation to be calculated on WDV method at 20% of initial investment for the respective projects.
- b) Income tax applicable 30% of Net Profit after depreciation.
- c) As a policy the company would be interested in the alternative which yields the maximum return as the cost of its funds is 12% p.a.
- d) Recommend the best alternate of the above that will maximize the values of the firm.
- e) Also find out the payback period of these options using present value which is at the end of

CH PSG TECH PSG TECH PSG TECH PSG TECH PSG TECH Year 1 Year 4 0.797 Year 5

0.712

PSG TECH PSG TECH in respect of discount factor of 12%.