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Roll No:

(To be filled in by the candidate)

## PSG COLLEGE OF TECHNOLOGY, COIMBATORE - 641 004

SEMESTER EXAMINATIONS, APRIL / MAY - 2016

MSc – SOFTWARE SYSTEMS Semester: 4

12XW41 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: $10 \times 3 = 30$

- 1. Enumerate any five functions of financial accounting.
- 2. Under double entry system of accounting which transactions are grouped respectively under Real account, Personal account and Nominal account. What is debit or credit under each head?
- 3. What is a Trial Balance and how is it prepared? If a Trial Balance is not tallied what does it convey.
- 4. Explain the concept of Amortisation and Depletion.
- 5. What are the 3 main objectives of cost accounting?
- 6. Distinguish between a cost centre and profit centre, write a brief note on any two types of cost centres.
- 7. Explain with the help of a graph how breakeven point can be determined.
- 8. Describe what standard cost means. What are the different standards considered for determination of standard cost?
- 9. For what purposes and how VED analysis is used.
- 10. 'Cost of capital' what does it refer to and in what context is it used.

## **GROUP - II** Marks : $4 \times 12.5 = 50$

- 11. Journalise the following transactions during the month of March'16 in the books of Aishwarya & Udaya Enterprises a partnership firm.
  - 1. Capital contributed by Aishwarya Rs.10,00,000 on 4.3.16 by RTGS to Axis bank account of the firm.
  - Capital contributed by Udaya Rs.12,00,000, partly by cash Rs.2,00,000 on 2.3.16 and partly by cheque Rs.10,00,000 on 3.3.16.
  - 3. Garments purchased
    - a) For cash form Akash Rs.1,00,000 on 4.3.16.
    - b) On credit from Narayanan Rs.5,00,000 on 5.3.16.
    - c) On credit from Shiva Rs.4,00,000 on 6.3.16 by paying an advance of Rs.50,000 in cash.
  - 4. Sold of Garments for Rs.,2,50,000 on 6.3.16 to Asmitha on credit basis.

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5. Sold Garments for Rs.4,00,000 to Jayashree on 10.3.16 who paid Rs.40,000 in cash as advance. Balance to be paid after 10 days.

- 6. On 20.3.16 following amounts received by cheque
  - a) from Asmitha Rs.2,00,000.
  - b) from Jayashree Rs.3,60,000.
- 7. Cheques dated 22.3.16 issued to Narayanan Rs.5,00,000 and Shiva Rs.3,50,000.
- 8, Loan availed from Axis Bank Rs.6,00,000 on 25.3.16.
- 9. Rent paid for shop Rs.20,000 to Gowrishankar on 31.3.16.
- 10. Staff salary paid by cash Rs.60,000 on 31.3.16.
- 12. Explain how the following ratios are calculated
  - a. Net profit ratio
  - b. Operating Profit ratio
  - c. Return on capital employed
  - d. Debt service coverage ratio
  - e. Stock turnover ratio
  - f. Creditors turnover ratio
  - g. Current ratio
  - h. Debit to equity ratio

and state in each case what its impact is if it is high or if it is low.

13. A company is divided into 4 department. A, B, C departments are producing departments and D in a service department. The actual costs for a period are as follows:

Rent	1,00,000	Supervisory charges	1,50,000
Repairs to plant	60,000	Insurance premia for stock	50,000
Depreciation of plant	45,000	Power charges	90,000
ESI contribution	15,000	Current charges for lights and fan	12,000

The following information is available in respect of the four departments

Particulars	Dept A	Dept B	Dept C	Dept D
Area in Sq m	1500	1100	900	500
Number of employees	20	15	10	5
Total wages	60000	40000	30000	20000
Value of plant	240000	180000	120000	60000
Value of stock	150000	90000	60000	۸
HP of plant	24	18	12 G	6

Apportion the overhead costs to various departments on most equitable basis.

14. Coimbatore Chemical Co. produced three chemicals during the month of Jan 2016 by three consecutive processes. In each process, 2% of the total weight put in is lost and 10% is scrap which from processes (1) and (2) realizes Rs.100 a kg. and from process (3) Rs.20 a kg.

The products of three processes are dealt with as follows

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ps ps	PS	<u>Process</u>	52 62
CH CH	1_CH	2	_3_
Passed on to next process	75%	50%	0
Sent to warehouse for sale	25%	50%	100%
Expenses incurred	CH	-H	CH
LECY LECY	Rs. kg	Rs. kg	Rs. kg
Raw materials	1,20,000 1000	28,000 140	1,07,840 1348
Manufacturing wages	20,500	18,250	15,000
Other expenses	10.000	7.240	3.100

Prepare process cost accounts showing the cost per kg of each product.

- 15. a) What is working capital and what does it comprise of.
  - b) What are the different types or classification of working capital.
  - c) Describe the 10 factors determining working capital requirements.
  - d) Adequacy of working capital what are the advantages and disadvantages.

GROUP - III Marks :  $1 \times 20 = 20$ 

16. Prepare a profit and loss account and balance sheet from the Trial balance extracted from the books of Shiva & Prashanth for the year ended 31.3.2016.

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	Particular	1	15	Debit	Credit
<u> </u>		-G	-G'	Rs.	Rs.
Capital account	8	3	02	250	18,00,000
Central Bank of India currer	nt a/c.			2,35,000	C
Salaries and wages	CO,	Ch		70,000	250
Income from investments	11		LEV		25,000
Office maintenance expens	es	<u> </u>	G	20,000	<i>Y</i>
Purchase of Goods	6	3	25	3,30,000	<b>8</b> .
Sale of Goods	N			-G'	7,50,000
Buildings	CC,	-CM		10,00,000	8-
Motor car	1	1E		2,20,000	CH
Interest paid	<b>)</b>	<u> </u>	SC.	30,000	(O.
Telephone expenses	0	9	- 1	15,000	
Power charges	<u></u>		3	75,000	
Carriage inwards	SC.	8-		40,000	62
Land	11	-14		1,00,000	· W
Postage and courier		.CO.	160	10,000	50°
Purchase returns			-6		65,000
Stock as 1.4.2015	250	0	5	1,20,000	
Trade receivables				4,00,000	
Loan from Bank	-17	C.Y^			8,50,000
Rent paid		160	160	40,000	150
Investments			G	80,000	3
Advertisement charges	02		5	65,000	
Trade payables					5,00,000
Machinery	CN	CK		11,00,000	CIT
Other income		15	1E		10,000
Cash on hand		G ·	GG.	50,000	•
2 02	02	)	Total	40,00,000	40,00,000

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Further adjustments to be made are as under

- i. Depreciation to be provided
  - on Machinery @ 15%
  - on Motor car @ 20%
- ii. Closing stock as on 31.3. 2016 is Rs.3,20,000.
- 17. a) Explain the term 'Inventory', the need for management of the same and what an efficient system will deal with in this context.
  - b) What should be studied for Inventory control systems implementation.
  - c) From the following information calculate
    - a) maximum stock level
    - b) minimum stock level
    - c) reordering level

: 200 units/day i. Maximum consumption : 150 units/day Minimum consumption ii. Normal consumption : 160 units/day iii. : 10 - 15 days iv. Reorder period : 1600 units Reorder quantity ٧. : 12 days vi. Normal reorder period

d) Explain the technique used for Inventory control in the case of raw materials.

/END/

**CSK**