MANIPAL INSTITUTE OF TECHNOLOGY
A Constituent Institute of Manipal University, Manipal

I SEMESTER M.TECH. Engineering Management

END SEMESTER EXAMINATION – NOVEMBER 2019

ACCOUNTING & FINANCIAL MANAGEMENT [HUM 5152]

Date: 21/11/2019 **Time : 2-5 PM** Max. Marks: **50**

Instructions to Candidates:

- Answer ALL the questions & missing data may be suitably assumed. Use formulae instead of Interest Factor Table

1A The following data has been extracted from the financial statements of Company A and Company B. **4**

	Company A	Company B
Cash	50,000	4000
Interest payable	25,000	50,000
Prepaid expenses	10,000	10,000
Inventory	1,70,000	3,20,000
Accounts Payable	1,50,000	1,25,000
Account receivables	1,20,000	16,000

1. Calculate the current ratio.
2. Do both companies have equal ability to pay its short term obligations? Explain.

1B Journalize the following transactions. Also state **the nature of each account** involved in the Journal entry. **4**

1. Dec. 1, 2000, Ajit started business with Cash Rs 40,000.
2. Dec. 3, he paid into the Bank Rs 2,000.
3. Dec. 5, he purchased goods for cash Rs 15,000.
4. Dec. 8, he sold goods for cash Rs 6,000.

1C Differentiate between Tangible and Intangible Assets. Give example for each. **2**

2A Samsung Industries has four potential projects all with an initial cost of $2,000,000. The capital budget for the year will only allow Samsung to accept one of the four projects. Given the discount rates and the future cash flows of each project, decide using NPV which project should they accept? **4**

Cash Flows	***Project A***	***Project B***	***Project C***	***Project D***
Year one	$500,000	$600,000	$1,000,000	$300,000
Year two	$500,000	$600,000	$800,000	$500,000
Year three	$500,000	$600,000	$600,000	$700,000
Year four	$500,000	$600,000	$400,000	$900,000
Year five	$500,000	$600,000	$200,000	$1,100,000
Discount Rate	6%	9%	15%	22%