

School of Management  
National Institute of Technology, Warangal  
**MCA II SEM**

**ACCOUNTING AND FINANCIAL MANAGEMENT.**

Date: 13/02/17 FN

Mid-Examination

Time 2 Hrs

MM 30 marks.

10M

From the following ledger Balances of M/S Suma traders for the year ending 31 march 2016 prepare Trading and profit and loss account for the year and Balance sheet as on that date.

Capital	150000	Sales	105400
Purchases	40000	Creditors	5000
Cash in hand	70000	Rent	2000
Bank	8500	furniture	16000
Electricity charges	4800	Stationary	500
Office equipment	2400	Sundry debtors	8000
Machinery	160000	Salary	11400
Bills payable	63000	Loan from bank	1000
Investment	6000	Commission paid	1050
Opening stock	3200	Commission received	1200
Postage	750		

**Adjustments**

- Closing stock was valued at Rs.25,000
- Depreciate machine by 10%
- Create reserve for bad debts @5%
- Provide interest on capital @10%

2. Form the following Data prepare possible ratios

10M

*sales*

25,20,000

*Other Current Assets*

7,60,000

100 → 80  
20

116,900  
106,600

MCA - II Sem.  
Accounting and Financial Management -  
Minor: II

Marks 10.

06/4/17

Time 30.mts.

1. In respect of the following Project. find IRR.

outflow — 240,000.

Year 1 inflow — 106,000

" 2 " — 65,000

" 3 " — 120,000.

" 4 " — 65,000

2. Calculate BEP, Sales to earn a Profit of 50,000

Selling Price Rs 50/unit, Raw material Rs 15/unit  
Direct Wages Rs 10/unit, Direct Exp. Rs 5/unit.

2,00,000 for salaries, Depreciation of Rs 10,000,  
Other Indirect Exp Rs 5000

3. Calculate ~~note~~ factory cost for the following

Product: -

Direct Material Purchased Rs 1,00,000, Direct ~~Exp~~ <sup>Wages</sup>  
Rs 20,000, Raw Material closing stock 10,000/-

factory Indirect Expenses Rs 25,000/-

Semi-finished goods closing inventory Rs 5,000  
and at the opening Rs 10,000/-

**School of Management**  
**National Institute of Technology, Warangal**  
**ACCOUNTING AND FINANCIAL MANAGEMENT**

Date: 24/04/17

End-Examination

Time 3 Hrs

MM 50 marks.

1. The following projects are mutually exclusive. Which would you prefer under pay payback, NPV and IRR criteria? Assume a discount rate of 12.25%.

	Project A	Project B
Initial investment	538000	526000
Year 1 inflow	126000	200000
Year 2 inflow	476000	300000
Year 3 inflow	206000	200000

2. From the following particulars prepare a cost statement.

	1-1 2016	1-12-2017
Stock of finished goods	6,000	15,000
Stock of raw material	40000	50000
WORK IN PROGRESS	15000	10000
PURCHASE OF RAW MATERIAL	475 000	850000
Carriage inward	12500	500
Wages	175000	1000
Works managers salary	30 000	600
Power expenses	9500	43000
General expenses	32800	9250
Selling expenses	925000	7250

3a. From the following data calculate I) BEP expressed in amounts of sales rupees., II) number units that must be sold to earn a profit of Rs.1,00,000.

Sales Rs 20 per unit

Variable manufacturing cost RS 12 /unit

Variable selling cost Rs 2/unit

Fixed overhead Rs.7, 92,000 per year

3b. What are the applications of cost volume profit relationship?

4. Prepare cash budget for ABC Ltd.

	Ist quarter	II quarter	III quarter	IV quarter
Opening cash balance	10000			
Collection from customers	125000	150000	160000	221000
Purchase of material	20000	35000	35000	54200
Salary and wages	99000	95000	959000	109200
Purchase of machine				20000

The company decide to maintain a balance of 14000, If necessary by borrowing.

5. Write a note on the following:

a) balance sheet

b) profitability ratio analysis

c) use of current ratio.

e) principle of separate entity

d) contra entry

Cost of sale	19,20,000	Fixed Assets	14,40,000
<del>40,000</del>			
Net profit	3,60,000	Net worth	15,00,000
Inventory	8,00,000	Debt.	9,00,000
Current Liabilities	6,00,000		

3. If a firm has \$100 in inventories, a current ratio equal to 1.2, and a quick ratio equal to 1.1, what is the firm's Net Working Capital? 5M

- a. \$0
- b. \$100
- c. \$200
- d. \$1,000
- e. \$1,200

$$\frac{CA}{CL} = 1.2$$

$$CA - CL = \text{working capital}$$

$$\frac{CA}{CL} = 1.2 \quad \frac{CA}{CL} = 1.1 \quad \frac{CA}{CL} = 1.1$$

$$CA = \frac{100}{1.1}$$

$$CL = \frac{100}{1.1}$$

$$0.2 \times 100$$

$$\frac{CA - CL}{(0.2) CL} = 0.2 \times \frac{100}{1.1}$$

3B) Which of the following is not a current asset?  
Inventory, prepaid Insurance, Fixtures

$$\frac{CL}{CA} = 1.1 \quad \frac{100}{CL} = 1.1 \quad CL = 110$$

3C). Current asset MINUS current liabilities is the  
Current Ratio, Net Worth, Working Capital

3D) Current assets DIVIDED BY current liabilities is the  
Current Ratio, Net Worth Ratio,  
Working Capital

3E) The quick ratio EXCLUDES which of the following?  
Accounts Receivable, Inventory Cash

Journalise the following trans actions

5M

Apr. 16 Bell deposited \$100,000 in a bank account for the purpose of buying Body Firm.

17 Bought the assets of Body Firm for a total price of \$188,000. The assets include equipment, \$28,000; building, \$96,000; and land, \$64,000. Made a down payment of \$89,000 and signed a mortgage note for the remainder.

17 Bought additional equipment from Fitness Supply Co. on account for \$3,550. paying \$710 down, with balance due in thirty days.

29 Celebrated the grand opening of Body Firm. Advertising expenses were paid in cash for the following: Advertising in newspaper \$314 Announcements mailed to local residents 85 Postage 125 Balloons, ribbons, flowers 126 Food and refreshments 58

30 Received fees for daily use of the facilities, \$1,152.

30 Paid wages for the period April 17 through April 30, \$833.

30 Received and paid electric bill, \$129.

30 Received and paid repair bill, \$96.

30 Bell withdrew \$600 for personal use