

Code No. D-2356/N/AICTE

**FACULTY OF ENGINEERING**  
**B.E. (ECE/MECH/PROD/AE/IT) III – Semester (AICTE) (Main) Examination,**  
**March / April 2022**

Subject: Finance and Accounting

Time: 3 Hours

Max. Marks: 70

- Note:** (i) First question is compulsory and answer any four questions from the remaining six questions. Each Question carries 14 Marks.  
(ii) Answer to each question must be written at one place only and in the same order as they occur in the question paper.  
(iii) Missing data, if any, may be suitably assumed.

- 1.
- What is journal? Explain the purpose.
  - Define Bank Reconciliation Statement.
  - Define the Net Profit.
  - What is Money market? Explain.
  - State the Time Value of Money.
  - What do you mean by Payback Period?
  - Explain Profitability ratio.

2. (a) What is Accounting Cycle? Explain the Various steps involved in it?  
(b) Write Journal Entries for the following transaction.

Sl.No	Date	Particulars	Rs.
I.	1 <sup>st</sup> Nov	Purchased goods for cash	6000
II.	2 <sup>nd</sup> Nov	Sold goods for cash	8000
III.	3 <sup>rd</sup> Nov	Received cash from Deepak	2500
IV.	4 <sup>th</sup> Nov	Paid rent	5000
V.	5 <sup>th</sup> Nov	Deposited in Bank	40000
V.	6 <sup>th</sup> Nov	Sold goods to Hari	2500



3. Prepare the Final Account from the Trial Balance of ABC Company for the year ending 31-12-2015.

Particulars	Debit (Rs)	Credit(Rs)
X's Capital		75,000
Sales		1,10,000
Sundry Creditors		14,000
Bills Payable		6,000
Purchases	50,000	
Opening Stock	60,000	
Wages	5,000	
Salaries	6,000	
Office expenses	4,000	
Sundry debtors	40,000	
Cash	3,000	
Plant and Machinery	20,000	
Rent	2,000	
Bad Debts	1,000	
Receivables	4,000	
Goodwill	10,000	
	2,05,000	2,05,000

Adjustments:

The value of closing stock was Rs. 60,000.

4. (a) Draw a structure of Indian Financial System.  
 (b) What is the role of Financial Intermediaries? Explain. *(answer for)*
5. The proposals in respect of the following 2 projects are to be examined using.  
 (a) Pay back method  
 (b) Accounting rate of return method

Initial investment for both projects = Rs. 20,000.

Estimated cash flows:

Year	Proposal 1	Proposal 2
1	12,500	11,750
2	12,500	12,250
3	12,500	12,500
4	12,500	13,500



6. Following is the balance sheet of XYZ Limited as on 31-12-2002.

Particular	Rs	Particular	Rs
Equity Share Capital	40,000	Plant and Machinery	24,000
Capital Reserve	8,000	Land and Buildings	40,000
8% Loan on Mortgage	32,000	Furniture & Fixtures	16,000
Creditors	16,000	Stock	12,000
Bank overdraft	4,000	Debtors	12,000
Taxation:		Investments( Short-term)	4,000
Current	4,000	Cash in hand	12,000
Future	4,000		
Profit and Loss A/C	12,000		
	1,20,000		1,20,000

From the above, Calculate (a) the Current Ratio, (b) Quick Ratio, (c) Debt - Equity Ratio, and (d) Proprietary Ratio.

7. Explain the methods of calculating a) NPV b) IRR. What are the decision criteria of the two methods?