

FACULTY OF INFORMATICS

M.C.A. I Year II Semester (Main) Examination, July 2010

(New)

ACCOUNTING AND FINANCIAL MANAGEMENT

Time : 3 Hours]

[Max. Marks : 80

Answer **one** question from each Unit.

All questions carry equal marks.

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Unit – I

1. Explain the basic concepts and conventions based on which Accounting system is built.

Or

- 2 Prepare Final Accounts from the following :

Debit	Rs.	Credit	Rs.
Drawings	18,000	Capital	50,000
Plant & Machinery	50,000	Sales	2,00,000
Purchases	60,000	Creditors	20,000
Debtors	40,000	Bank Overdraft	10,000
Wages	10,000	Bills Payable	8,000
Carriage	3,000		
Salaries	7,000		
Rent	6,000		
Repairs	3,000		
Opening Stock	12,000		
Land & Buildings	40,000		
Furniture	30,000		
Discount	9,000		
	<u>2,88,000</u>		<u>2,88,000</u>

Adjustments : 1. Closing stock Rs.30,000

2. Outstanding wages Rs.500

3. Provide 5% for doubtful debts on Sundry debtors.

[P.T.O.]

Unit – II

3. What are profitability ratios in relation to investment

Or

4. Calculate the following ratios from the given profit & loss a/c and Balance sheet of "XYZ" Limited.

1. Debtors Turnover Ratio
2. Creditors Turnover Ratio
3. Working Capital Turnover Ratio
4. Fixed Assets Turnover Ratio
5. Average Collection Period
6. Average Payment Period

Trading, Profit & Loss A/c

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
To Opening Stock	1,60,000	By Sales	20,00,000
To Purchase	15,92,000	By Closing Stock	2,40,000
To Gross Profit	4,88,000		
	<u>22,40,000</u>		<u>22,40,000</u>
To Administrative Expenses	3,38,000	By Gross Profit	4,88,000
To Net Profit	1,50,000		
	<u>4,88,000</u>		<u>4,88,000</u>
<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Share Capital	6,00,000	Buildings	5,00,000
Reserves	3,00,000	Plant	4,20,000
Debentures	4,00,000	Investment (Short term)	1,60,000
Creditors	2,60,000	Stock	2,40,000
Bills payable	1,40,000	Gross Debtors	
Provisions	1,20,000	(-) Provision	
		1,00,000	
		(-) 20,000	80,000
		Bills Receivables	
		3,50,000	
		(-) Provision 30,000	3,20,000
		Cash	1,00,000
	<u>18,20,000</u>		<u>18,20,000</u>

Unit – III

5. Explain the factors that determines the requirement of working capital.
Or
6. What is meant by Funds Flow Statement? Write about its importance and objectives?

Unit – IV

7. Define the concept of capital? State how would you determine the weighted average cost of capital of a firm.
Or
8. Calculate the Internal Rate of Return (IRR) of projects X and Y and interpret the result.

Year	Cash inflows Project "X" Rs.	Cash inflows Project "Y" Rs.
1	10,000	25,000
2	10,000	15,000
3	10,000	5,000
4	10,000	3,000
5	10,000	2,000
	<u>50,000</u>	<u>50,000</u>

These two projects are mutually exclusive and involve initial outlay of Rs.30,000 each.

Unit – V

9. Define budgetary control. What are its advantages and limitations.

Or

10. From the following data find out

- (i) P/V Ratio
- (ii) BEP
- (iii) Net Profit if the sales were Rs.2,50,000
- (iv) Sales to get a net profit of Rs.70,000

Sales = Rs.2,00,000

Variable Cost = Rs.1,50,000

Fixed Cost = Rs.15,000