

FACULTY OF INFORMATICS**M.C.A. I Year II Semester (Main) Examination, July 2011****Subject : Accounting and Financial Management****104359****Time : 3 Hours]****[Max. Marks : 80****Note : Answer ONE question from each unit. All questions carry EQUAL Marks.****UNIT - I**

1. Discuss briefly the concepts and conventions of Accounting.

OR

2. The following are the balances taken on 31st Dec. 2002 from the books of Anil and Co.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	-	87,940
Opening stock	85,600	-
Discount	-	450
Wages	30,000	-
Advertising	4,700	-
Plant and Machinery	20,000	-
Sales	-	3,60,000
Electricity charges	700	-
Return outwards	-	1900
Office rent	1,500	-
Purchases	2,62,700	-
Bills receivables	2,000	-
Cash at Bank	6,660	-
Furnitures	11,780	-
Cash in hand	150	-
Creditors	-	8,450
Rates and taxes	300	-
Printing and stationary	500	-
Debtors	18,000	-
Drawings	12,500	-
General expenses	1,230	-
Insurance	420	-
	4,58,740	4,58,740

Contd.....2

Adjustments :

- (a) Closing stock Rs. 30,000
- (b) Rates and taxes paid in advance Rs. 30
- (c) Rent paid in advance Rs. 200
- (d) Provide for bad debts Rs. 200

UNIT - II

3. How do you analyse the financial position of a company from the point of view of
- (a) An investor
 - (b) A creditor
 - (c) A financial executive of the company.

OR

4. With the help of the following ratios regarding X Ltd. draw up the Balance Sheet :

Current ratio	2.5
Liquidity ratio	1.5
Net working capital	Rs. 3,00,000
Stock turnover (cost of sales/closing stock)	6 times
Gross profit ratio	20%
Fixed Asset Turnover ratio (on cost of sales)	2 times
Debt collection period	2 months
Fixed assets to Shareholder's net worth	0.80
Reserves and surplus to capital	0.50

UNIT - III

5. What is working capital ? Distinguish between funds flow statement and cash flow statement.

OR

6. You are given the following comparative Balance Sheets of Hyderabad Computers Ltd.

	31 st December 2000	31 st December 1999
Assets :	Rs.	Rs.
Cash	8,000	6,000
Accounts receivables	20,000	21,000
Land	10,000	5,000
Stock	12,000	8,000
	50,000	40,000
Liabilities :		
Accounts payable	8,000	6,000
Capital	32,000	30,000
Retained earnings	10,000	4,000
	50,000	40,000

You are required to prepare

- (a) Statement showing the changes in working capital.
- (b) Statement of sources and uses of funds.

UNIT - IV

7. Examine critically the different approaches to the calculation of cost of equity capital.

OR

8. With an initial investment of a company of 40,000/- and using 10% as the cost of capital, determine the following :

1. Pay back period
2. Net present value
3. Profitability Index
4. Internal Rate of Return

The following are the expected net cash flows after taxes before depreciation.

Year	Net cash flow
1	7,000
2	7,000
3	7,000
4	7,000
5	7,000
6	8,000
7	10,000
8	15,000
9	10,000
10	4,000

UNIT - V

9. Describe the classification of Budgets.

OR

10. You are required to find out :

- (a) P/V ratio
- (b) B E P
- (c) Profit when sales = Rs. 1,00,000
- (d) Sales for a profit of Rs. 20,000
- (e) Margin of safety for period II

Period	Sales (Rs.)	Profit (Rs.)
I	1,20,000	90,000
II	1,40,000	13,000

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