

Code No: 862AE

**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MCA I Semester Examinations, July/August - 2021****ACCOUNTANCY AND FINANCIAL MANAGEMENT****Time: 3 Hours****Max.Marks:75**

**Answer any five questions**  
**All questions carry equal marks**

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1. Record the following transactions in the Journal and post them into ledger and prepare a Trail Balance. [15]

March 1<sup>st</sup> : Neeraj started business with a capital of (Rs.) 80,000  
March 5<sup>th</sup> : Bought goods from Kavita on credit (Rs.) 20,000  
March 7<sup>th</sup> : Sold goods to Trina (Rs.) 25,000  
March 9<sup>th</sup> : Cash purchases (Rs.) 25,000  
March 10<sup>th</sup> : Cash sales (Rs.) 15,000  
March 11<sup>th</sup> : Goods returned to Kavita (Rs.) 2,000  
March 12<sup>th</sup> : Bought furniture for (Rs.) 15,000  
March 13<sup>th</sup> : Cash paid to Kavita (Rs.) 12,000  
March 15<sup>th</sup> : Goods returned by Trina (Rs.) 3,000  
March 17<sup>th</sup> : Goods taken by Neeraj for personal use (Rs.) 3,000  
March 18<sup>th</sup> : Cash received from Trina (Rs.) 12,000  
March 19<sup>th</sup> : Took loan from Parag (Rs.) 30,000  
March 20<sup>th</sup> : Salary paid (Rs.) 5,000  
March 21<sup>st</sup> : Bought stationery for (Rs.) 1,000  
March 22<sup>nd</sup> : Amount paid to Parag on loan account (Rs.) 18,000  
March 25<sup>th</sup> : Interest received (Rs.) 4,000

- 2.a) Define Accounting and explain different principles of Accounting in detail.  
b) Explain the concept of double entry system of accounting with its rules. [7+8]

3. From the information given below, calculate:  
a) P/V Ratio, b) Fixed expenses, c) Expected profit if sales are budgeted at Rs. 90,000.

[5+5+5]

Year	sales	Profit
2004	1,80,000	30,000
2005	2,60,000	50,000

4. Explain the basic principles of costing and identify difference between Absorption costing and marginal costing. [15]

5. L&T Company produces many products for household use. Company sells products to storekeepers as well as to customers. Bags-RX is one of the products of L&T. It is a cleaning product that is produced, packed in large boxes and then sold to customers and storekeepers.

L&T uses a traditional standard costing system to control costs and has established the following materials, labor and overhead standards to produce one box of Bags-RX are as follows:

- Direct materials; 1.5 pounds @ 12 per pound: 18.00
- Direct labor; 0.6 hours 24 per hour: 14.40
- Variable manufacturing overhead; 0.6 hours @ 5.00: 3.00

During August 2019, company produced and sold 3,000 boxes of Bags-RX. 8,000 pounds of direct materials were purchased @ 11.50 per pound. Out of these 8,000 pounds, 6,000 pounds were used during August. There was no inventory at the beginning of August. 1600 direct labor hours were recorded during the month at a cost of 40,000. The variable manufacturing overhead costs during August totaled 7,200.

From the above information compute:

- a) Direct Labor Rate Variance and  
b) Direct Labor Efficiency Variance. (Assume that the materials price variance is computed at the time of purchase.) [7+8]
- 6.a) What do you understand by Financial Management? Explain its scope and role.  
b) Identify advantages and limitations of Ratio Analysis. [8+7]
7. Define Cash flow statement and give a mock preparation and interpretation of cash flow statement. [15]
- 8.a) What is the difference between master file and transaction file in computerized accounting system?  
b) Discuss how the introduction documents are used for data collection. [8+7]

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