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Code No: 841AE

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MCA I Semester Examinations, March - 2023
ACCOUNTING AND FINANCIAL MANAGEMENT

Time: 3 Hours **Max.Marks:75**

Note: i) Question paper consists of Part A, Part B.
ii) Part A is compulsory, which carries 25 marks. In Part A, Answer all questions.
iii) In Part B, Answer any one question from each unit. Each question carries 10 marks and may have a, b as sub questions.

PART – A

(25 Marks)

1.a) Explain concepts and conventions of accounting. [5]
b) Compare and contrast overcapitalization and undercapitalization. [5]
c) Distinguish between cash flow and funds flow statement. [5]
d) Explain the need for Master Budget. [5]
e) Why Payback period is an important for project selection. [5]

PART – B

(50 Marks)

2. On the 1 st January 2023 the following were the ledger balances of Raj & Co. Cash in hand Rs.90000, cash at bank Rs.21,00,000; Soni (Cr) Rs.3,00,000, Zahir (Dr.) Rs.2,40,000, stock Rs.12,00,000; Prasad (Cr.)Rs.6,00,000, Sharma (Dr.) Rs.4,50,000; Lall (Cr.) Rs.2,70,000; Ascertain Capital.
Transactions during the month were

2023	Rs.
Jan. 2 bought goods of Prasad	270,000
Jan.3 Sold to Sharma	300,000
Jan. 5 Bought goods of Lall for cash, paid by cheque	360,000
Jan. 7 Took goods for personal use	20,000
Jan. 13 Received from Zahir in full settlement	235,000
Jan. 17 Paid in Soni in full settlement	292,000
Jan. 22 Paid cash for stationery	5,000
Jan. 29 Paid to Prasad by cheque	265,000
Discount allowed by him	5,000
Jan. 30 provided interest on capital	10,000
Rent due to landlord	20,000

Journalise the above transactions and post to the ledger and prepare a Trial Balance. [10]

OR

3.a) Explain double entry system of accounting and basic books of accounting.
b) Why Trial Balance is prepared? Explain the proforma of T/B. [5+5]

4. The well-established company's most recent balance sheet is as follows

Liabilities	Amount	Assets	Amount
Equity Capital(Rs.10 per share)	Rs. 6,00,000	Net fixed assets	Rs.15,00,000
10% Lon-term debt	Rs. 8,00,000	Current assets	Rs. 5,00,000
Retained earnings	Rs. 2,00,000		
Current liabilities	Rs. 4,00,000		
Total	Rs. 20,00,000	Total	Rs. 20,00,000

The company's total assets turnover ratio is 3, its fixed operating costs are Rs. 10,00,000 and the variable costs ratio is 40 per cent. The income tax rate is 35 percent.

a) Calculate all the three types of leverages.

b) Determine the likely level of EBIT if EPS is i) Rs. 1 ii) Rs. 3 and iii) zero. [10]

OR

5.a) Explain the various sources of finance.

b) What is weighted average cost of capital? Examine the rationale behind the use of weighted average cost of capital. [5+5]

6. From the following particulars prepare the Balance sheet of Shri. Mohan Ram &co. Ltd.

Current ratio	2
Working capital	Rs.4,00,000
Capital Block to current assets	3:2
Fixed assets to turnover	1:3
Sales Cash/credit	1:2
Stock velocity	2 months
Creditors Velocity	2 months
Debtors velocity	3 months
Capital Block:	
Net profit 10% of turnover	
Reserve 2.5% of turnover	
Debentures/share capital	1:2
Gross Profit ratio 25% (to sales)	

[10]

OR

7.a) Distinguish between statement showing changes in working capital and funds flow statement.

b) Explain the various Profitability ratios. [5+5]

8.a) Explain the importance of Break-even Analysis. What are its practical applications?

b) Discuss the need and importance of Cost-Volume Profit Analysis. [5+5]

OR

9. For production of 10,000 Electrical Automatic Irons the following are Budgeted Expenses:

	Per Unit(s) Rs.
Direct Material	60
Direct Labour	30
Variable Overheads	25
Fixed Overheads (Rs.1,50,000)	15
Variable Expenses (Direct)	5
Selling Price (10% Fixed)	15
Administration Expenses(Rs.50,000 rigid to all levels of production)	5
Distribution Expenses(20% Fixed)	5
Total Cost of Sales per unit	160

Prepare Flexible Budget for production of 6,000, 7,000, 8,000 Irons. [10]

10. A machine costing Rs.110 lakh has a life of 10 years, at the end of which its scrap value is likely to be Rs.10 lakh. The firm's cut-off rate is 12 percent. The machine is expected to yield an annual profit after tax of Rs.10 lakh. Depreciation being reckoned on straight line basis for tax purposes. At 12 percent. The PV of the rupee received annually for 10 years is 5.650 and the value of one rupee received at the end of the tenth year is 0.322. Ascertain the NPV of the project. [10]

OR

11.a) Explain the importance of capital budgeting.

b) Discuss the various capital budgeting methods. [5+5]

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