

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**M.C.A. DEGREE EXAMINATION – COMPUTER APPLICATION**

THIRD SEMESTER – APRIL 2010

**CO 3901 - ACCOUNTING AND FINANCIAL MANAGEMENT**

Date & Time: 03/05/2010 / 9:00 - 12:00 Dept. No.

Max. : 100 Marks

**SECTION –A**

**ANSWER ALL THE QUESTIONS**

**(10 x 2 =20)**

1. State the rules for Debiting and Crediting.
2. What is Zero base budgeting ?
3. Distinguish between Funds from operation and Cash from operation.
4. What are the functions of a finance manager?

**CHOOSE THE BEST ANSWER**

5. When sales are Rs.2 lakhs, fixed cost Rs.30,000, p/v ratio 40%, the amount of profit will be  
a) Rs.50,000                      b) Rs.80,000                      c) Rs.12,000
6. Variable cost per unit Rs.40, fixed cost Rs.900, selling price 70, profit----- ?  
a)  $30X - 900$     b)  $15X - 70$     c)  $40X - 900$     d)  $70X + 3600$
7. The pay back period for a project which cost Rs.5,00,000 and yields annually Rs.80,000 after depreciation @ 12% p.a but before tax of 50 % is :  
a) 3 years            b) 4 years            c) 5 years            d) 6 years

**STATE IF THE FOLLOWING STATEMENTS are True or False**

8. a) Debt equity ratio is an indicator of a firm's commitment to meet short term liabilities.  
b) Goodwill is an intangible asset.
9. a) Expenditure incurred to provide one more exit in a cinema hall is a capital expenditure.  
b) Cash receipts from rendering services denotes cash from financing activity.
10. a) Discounted cash flow techniques does not consider time value of money.  
b) Sales budget is the most important budget among all budgets.

**SECTION – B**

**ANSWER ANY FIVE QUESTIONS**

**(5 x 8 = 40)**

11. What is double entry system of book – keeping ? Explain the advantages of accounting.
12. What is cash flow analysis ? What are the advantages of cash flow analysis ? Explain.
13. What is budget ? Explain the objectives and advantages of preparing a budget.

14. Prepare a Triple – Column Cash Book from the following transactions :

October 2007	Rs
1 Cash in hand	12,500
Cash at Bank	100
2 Paid into Bank	1,000
5 Bought furniture and issued cheque	32,000
8 Purchased goods for cash	2,500
12 Received cash from Mahindar	8,980
Discount allowed to him	20
14 Cash Sales	34,000
16 Paid to Anbu by cheque	6000
Discount Received	50
23 Withdrew from bank for office use	600

15. The following are the comparative balance sheet of Xy Ltd. as on 31-3-98&99

Liabilities		1998	1999	Assets		1998	1999
Share capital	3,50,000	3,70,000	Land	1,00,000	1,50,000		
Profit /loss a/c	50,400	52,800	Stocks	2,46,000	2,13,500		
9% debenture	60,000	30,000	Goodwill	50,000	25,000		
Creditors	51,600	59,200	Cash	45,000	39,000		
			Debtors	71,000	84,500		
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	5,12,000	5,12,000		5,12,000	5,12,000		
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Dividends declared and paid during the year Rs.17,500

Prepare cash flow statement .

16 .The sales and profit during two years were as follows

Year	Sales	Profit
1	1,40,000	15,000
2	1,60,000	20,000

- Calculate :
- P/V ratio
  - BEP,
  - Sales required to earn a profit of rs.40,000
  - Fixed cost ,

17. The capital of X Ltd. Consist of 9% 60000 preference shares of Rs.10 each, and equity shares of Rs.10 each amounting to Rs.16,00,000 , the profit after tax Rs.5,40,000 , equity dividend paid 20% , market price per equity share Rs.40.

- Calculate :
- Dividend yield on equity share
  - Cover for preference dividend
  - EPS
  - P/E ratio.

18. Following is the Balance Sheet of Y Ltd.

	Rs		Rs
Eqty,share capital	1,00,000	Cash at bank	12,000
6% Pref.share capital	1,00,000	Bills Receivable	50,000
Debentures	60,000	Debtors	70,000
Reserves	1,50,000	Stock	40,000

Creditors	67,000	Furniture	1,30,000
Bank Over Draft	40,000	Buildings	2,20,000
Proposed Dividend	30,000	Goodwill	45,000
Profit & Loss a/c	20,000		
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	5,67,000		5,67,000
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Calculate i) Current Ratio ii) Liquid Ratio  
iii) Debt equity Ratio iv) Fixed assets ratio

### SECTION – C

#### ANSWER ANY TWO QUESTIONS

(2 x 20 = 40)

19. From the following Trial Balance as on 31.3.2007, Prepare Trading Account, Profit and Loss Account and a Balance Sheet for the year ended 31.3.2007.

Debit Balances	Rs	Credit Balances	Rs
Drawings	3,600	Capital	1,50,000
Furniture	20,000	Purchase Return	1,240
Stock	13,750	Discount Received	980
Purchases	1,09,600	Sundry Creditors	15,000
Sales Return	1,800	Sales	2,30,150
Carriage Outwards	2,300		
General Expenses	1,100		
Advertisement	1,350		
Wages	2,600		
Rent and Taxes	3,500		
Bad Debts	970		
Sundry Debtors	2,33,950		
Bank	2,500		
Cash	350		
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	3,97,370		3,97,370
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The following adjustments are necessary –

1. Stock on 31.3.2007 Rs . 25,000
2. Furniture is to be depreciated by 10% p.a
3. Outstanding wages Rs.500.
4. Provide for doubtful debts @ 5%.
5. Rent & Taxes paid in advance Rs 100.

20. Capital ltd. is considering two projects. Only one of which can be accepted.

	Project A	Project B
Initial investment	10,000	50,000
Cash inflows year 1	5,000	10,000
2	5,000	15,000
3	3,000	25,000
4	2,000	25,000
5	1,500	21,000

Suggest which project should be selected by the firm as per

1. Pay Back period
  2. Net present value , present value factor @ 10%
- |           |      |      |      |      |      |
|-----------|------|------|------|------|------|
| YEAR      | 1    | 2    | 3    | 4    | 5    |
| PV factor | .909 | .826 | .751 | .683 | .621 |

21. The expenses budgeted for production of 5000 units in a factory are furnished below:

Materials	40	Per unit
Labour	30	„
Direct expenses	20	„
Factory expenses (30% fixed)	30	„
Selling & distribution (15% fixed)	20	„
Administration expenses (100%)	5	„

Prepare a flexible budget for production of (a) 4000 units (b) 7000 units showing cost per unit and total cost at those levels of production .

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