

Register Number:

M.C.A DEGREE EXAMINATIONS: JANUARY 2011

First Semester

MASTER OF COMPUTER APPLICATIONS

MCA505: Accounting and Financial Management

Time: Three Hours

Maximum Marks: 100

Answer ALL Questions:-

PART A (10 x 2 = 20 Marks)

1. Define Accounting.
2. What is a Fund?
3. What are the elements of Cost?
4. What is Break Even Point?
5. Define Budget.
6. What is Budgetary Control?
7. Define Financial Management.
8. What is Cost of Capital?
9. What is Capital Structure?
10. What is Net Working Capital?

PART B (5 x 16 = 80 Marks)

11. (a) (i) Explain the Concepts and Conventions of Accounting (any 4 each) (8)
- (ii) Prepare the Funds from Operations from the following Profit & Loss account information: Debit side items: Rent Rs.10,000. Salary Rs.25,000. Depreciation on furniture Rs.3,000. Discount on issue of shares Rs.10,000. Goodwill written off Rs.5,000. Preliminary expenses Rs.6,000. Net profit Rs.9,27,000. Credit side items: Gross profit Rs.9,86,000. (8)

(OR)

- (b) From the following balances as on 31.12.2009 of a trader, prepare a Trading, P&L a/c for the year and a Balance Sheet as on that date.

Particulars	Amount Rs.	Particulars	Amount Rs.
Salaries	5,500	Creditors	9,500
Rent	1,300	Sales	32,000
Cash	1,000	Capital	30,000
Debtors	40,000	loans	10,000
Trade expenses	600		
Purchases	25,000		

Advances	2,500		
Bank balance	5,600		
Total	81,500	Total	81,500

Adjustments:

- The closing stock amounted to Rs.9,000.
- One month's salary is outstanding.
- One month' rent has been paid in advance.
- Provide 5% for doubtful debts.

12. (a) (i) Classify the different types of costs and explain them. (10)

(ii) Explain the advantages of Variance Analysis. (any four) (6)

(OR)

(b) From the following information relating to a firm, Total fixed costs Rs.4,500. Total variable cost Rs.7,500. Total sales Rs.15,000, you are required to find out (i.) Profit Volume ratio, (ii.) Breakeven point, (iii.) Profit, (iv.) Margin of Safety, (iv.) Volume of sales to earn profit of Rs.6,000.

13. (a) From the following forecast information, prepare cash budget for the months of April, May, and June 2010.

Months	Sales Rs.	Purchases Rs.	Wages Rs.	Other expenses Rs.
February	90,000	66,000	4,000	6,000
March	80,000	60,000	4,000	6,000
April	96,000	88,000	6,000	7,000
May	1,00,000	60,000	5,000	8,000
June	1,20,000	70,000	6,000	7,200

Additional information: (i) customers are allowed a credit period of one month. (ii) Creditors allow a time-lag of two months for making payment. (iii) Wages of a month are paid in the next month. (iv) Other expenses of a month are paid in the first week of the next month. (v) A machinery is to be bought for cash in May for Rs.32,000. (vi) Balance of cash on 01.04.2010 is Rs.8,000. (vii) All purchases and sales are on credit terms.

(OR)

(b) (i) Classify the budgets and explain any 4 of them. (8)

(ii.) Explain any 4 of its limitations of budgetary control. (8)

14. (a) (i) Initial investment needed Rs.60,000. Life of the asset is 4 years. Estimated net annual cash flows for Year 1 is Rs.15,000. Year 2 is Rs.20,000. Year 3 is Rs.30,000 and Year 4 is Rs.20,000. Calculate the Internal Rate of Return. (Use the Time Value of Money tables). (8)
- (ii) Explain the factors influencing capital expenditure decisions. (Any 4) (8)

(OR)

- (b) (i) From the following particulars, calculate the overall cost of capital using book value weights. (8)

Sources of funds	Book value Rs.	After tax cost %
Equity share capital	4,00,000	14
Retained earnings	2,00,000	13
Preference share capital	1,00,000	10
Debentures	3,00,000	6

- (ii) Explain the importance of cost of capital. (Any 4) (8)

15. (a) (i) Explain the factors affecting the capital structure. (Any 8) (10)
- (ii) Explain the factors influencing the dividend policy of a firm (Any 6) (6)

(OR)

- (b) From the following data, calculate the average amount of working capital required.

Particulars	Amount in Rs.
Average amount locked up in stock:	
Stock of finished goods and work-in-progress	Rs. 10,000
Stock of stores, material, etc	Rs. 8,000
Average credit given:	
Local sales (2 weeks' credit)	Rs.1,04,000.
Outside the state (6 weeks' credit)	Rs.3,12,000.
Time available for payments:	
For purchases (4 weeks lag)	Rs. 78,000.
For wages (2 weeks lag)	Rs.2,60,000.
