

Register Number:

MCA DEGREE EXAMINATIONS:MAY/JUNE 2014

(Regulation 2009)

Fourth Semester

MASTER OF COMPUTER APPLICATIONS

MCA505:Accounting and Financial Management

Time: Three Hours

Maximum Marks: 100

Answer all the Questions:-

PART A (10 x 2 = 10 Marks)

1. Define Accounting.
2. Define Trail Balance.
3. List the elements of Cost.
4. Describe the Breakeven Point.
5. Define Budget.
6. Outline the Zero Base Budget.
7. Define Financial Management.
8. Define Cost of Capital.
9. What is meant by Capital Structure?
10. State the meaning of Working Capital.

PART B (5 x 16 = 80 Marks)

11. a) (i) Explain the Accounting Cycle. (4)
(ii) Discuss the concepts and conventions of accounting with suitable examples. (12)

(OR)

- b) The following are the balances extracted from a firm on 31-12-2013:

	Rs.
Capital	30,000
Drawings	5,000
Furniture & Fittngs	2,600
Bank Overdraft	4,200
Creditors	13,800
Business Premises	20,000
Sales Returns	2,000
Discounts (Debtors)	1,600
Discounts (Creditors)	2,000
Taxes & Insurance	2,000
Stock on 1-1-2013	22,000
Debtors	18,000

Rent from tenants	1,000
Purchases	1,10,000
Sales	1,50,000
General expenses	4,000
Salaries	9,000
Commission (Debtors)	2,200
Carriage on purchases	1,800
Bad debts written off	800

Adjustments

- Stock on hand 31-12-2013 : Rs. 20,060
 - Write off depreciation Business premises : Rs. 300, Furniture & fittings : Rs. 250.
 - Make provision for 5% on debtors for doubtful debts.
 - Insurance prepaid Rs.300.
- Prepare Trading, Profit & Loss account and Balance sheet for the year.

12. a) (i) Explain any 6 objectives of cost accounting. (6)
(ii) From the following particulars of Product X, prepare a Cost Sheet for the month of March, 2014. (10)

Raw Materials :	Rs.
Opening Stock	40,000
Purchases	3,00,000
Closing stock	20,000
Direct Labour	1,20,000
Factory overheads	45,000
Office and Administration overheads	55,000
Selling and distribution expenses	40,000
Finished stock :	
Opening stock 1,000 units at Rs.11.20 per unit	
Closing stock 3,000 units at current cost price	
Profit on sales at 20 per cent	
Units produced 50,000 units	

(OR)

- b) (i) You are given the following information in respect of a company. (6)

Fixed costs	Rs.13,000
Variable costs	<u>15,000</u>
Total cost	28,000
Net profit	<u>2,000</u>
Net slaes	<u>30,000</u>

- Find out the break even point
- Forecast the profit for sales volume of Rs.50,000
- Estimate the volume of sales turnover to make a net profit of Rs.10,000.

- (ii) Tell your understanding on Variance analysis. Enlist and explain the types. (10)
Discuss any 5 of the managerial uses of variance analysis.

13. a) (i) Differentiate between a budget and forecast. (6)
Differentiate between Budget and Budgetary control.
(ii) Explain the types of budget and its relevance to business functions (10)

(OR)

- b) Prepare a cash budget for the first four months from the following estimated revenues and expenses

Month	Sales (Rs)	Purchases (Rs)	Labor (Wages) Rs	O/H Admin (Rs)	O/H Distribution (Rs)
April	60,000	60,000	12,000	2,000	1,200
May	66,000	42,000	14,000	2,200	1,400
June	72,000	40,000	16,000	2,200	1,400
July	78,000	36,000	18,000	2,400	1,600
August	84,000	34,000	20,000	2,600	1,600

Additional information:

- Cash balance on 1st April was Rs.35,000.
- 50% of sales are on credit basis which are realized in the subsequent month.
- Suppliers are paid in the month following the month of supply.
- Delay in payment of wages and overheads is 30 days.
- Dividends on investments amounting Rs 10,000 may be recd. in April & July.
- The company plans to purchase a machine for Rs.60,000 for which it has to pay the consideration in three equal installments in the month of April, June and July.

14. a) (i) Explain the objectives of financial management (6)
(ii) Indicate the roles of a financial manager with examples. (10)

(OR)

- b) (i) A company is considering two mutually exclusive projects. Both require an initial cash outlay of Ra.15,000 each and have a life of 5 years. The company's required rate of return is 10%. The cash flows after taxes expected to be generated by the project are as follows:

Year	1	2	3	4	5
Project A	4,000	4,000	4,000	4,000	4,000
Project B	6,000	3,000	2,000	5,000	5,000

Select the best project using Net Present Value method.

- (ii) A company has on its books the following amounts and specific costs of each type of capital. (6)

Type of Capital	Book Value	Market Value	Specific Cost (%)
Debt	400000	380000	5
Preference	100000	110000	8
Equity	600000	--	15
Retained earnings	200000	1200000	13
	<u>1300000</u>	<u>1690000</u>	

Identify the weighted average cost of capital using (a) Book value weights and, (b) Market value weights.

15. a) (i) Discuss any 8 factors affecting the capital structure of a firm. (8)
(ii) Explain the meaning of Dividend and the types of dividend policy a firm can adopt. (8)

(OR)

- b) (i) Explain the concepts of working capital. (4)
(ii) Estimate the WC requirements from the following information of a trading concern: (12)

Projected annual sales	1,00,000 units
Selling Price	Rs.8 p.u.
Percentage of net profit on sales	25
Average credit period allowed to customers	8 weeks
Average credit period allowed by suppliers	4 weeks
Average stock holding in terms of sales requirement	12 weeks
Allow 10% for contingencies	
