Reg. No. : .....

Code No. : 6840 **Sub. Code : HCAM 31**

M.C.A. (CBCS) DEGREE EXAMINATION, NOVEMBER 2013.

Third Semester

Computer Applications

FINANCIAL MANAGEMENT AND ACCOUNTING

(For those who joined in July 2012 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. A concept that a business enterprise will not be sold or liquidated in the near future is known as

(a) Going concern (b) Economic entity

(c) Monetary unit (d) None of the above

Data:

Sales	8,00,000
Net profit	80,000
Total current assets	4,00,000
Total current liabilities	2,00,000
Share capital + reserves	2,00,000
Total capital	6,00,000

20. (a) Describe the role of Relational Data Base Management System in developing accounting software.

Or

(b) Describe the various types of accounting software along with their advantages and limitations.

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2. Goodwill is

(a) a current asset (b) a quick asset

(c) an intangible asset (d) none of the above

3. Financing decision is concerned with

(a) identification of sources of finance

(b) selection of sources of finance

(c) both (a) and (b)

(d) none of the above

4. Time preference for money prevails because

(a) goods will become dearer after a time period

(b) the worth of money in hand is more than the same amount received in future

(c) money facilitates purchase of necessary amenities in time

(d) none of the above

5. PAT is the profit equal to

(a) Gross profit (b) Net profit

(c) Operating profit (d) None of the above

6. Income statement in accounting means

(a) Final accounts (b) Balance sheet

(c) Both (a) and (b) (d) None of the above

7. Operating ratio is a

(a) liquidity ratio (b) activity ratio

(c) profitability ratio (d) solvency ratio

8. Sources of funds in funds flow statement NOT include

(a) funds from operations

(b) issues of shares and debentures

(c) purchase of long term investments

(d) raising of loan

9. Information system is

(a) a communication system

(b) a reporting system

(c) a data base management system

(d) all the above

10. Which of the following is NOT correct with regard to accounting information system?

(a) It is strictly an internal system

(b) It is both internal and external information system

(c) Both (a) and (b)

(d) None of the above

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PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

11. (a) Bring out the objectives of financial accounting.

Or

(b) Journalise the following transactions :

2012, June

5	Bought goods for cash from Somu Rs. 1,700
9	Sold goods to Selvam on credit Rs. 1,700
10	Returned damaged goods to Sami Rs. 50
11	Paid wages Rs. 85
15	Received commission Rs. 70
18	Sold goods to Kannan for cash Rs. 200
20	Cash sales Rs. 500
24	Received five chairs from Godrej & Co. at Rs. 45 per chair
29	Paid Godrej & Co. cash for five chairs
31	Paid rent Rs. 250

12. (a) What do you mean by financial management?

Or

(b) Explain the different financial decision areas.

13. (a) What do you understand by analysis and interpretation of financial statements?

Or

(b) Explain the merits and demerits of comparative financial statements.

14. (a) State the meaning of cash flow analysis.

Or

(b) What are the limitations of cash flow analysis?

15. (a) What are the differences between customized and ready-to-use category of accounting packages?

Or

(b) State the basic requirements of database applications.

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PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

16. (a) Illustrate the accounting rules for different types of accounts with suitable examples.

Or

(b) Prepare Trading and Profit and Loss account from the following data :

	Rs.		Rs.
Drawings	45,000	Capital	1,60,000
Goodwill	90,000	Bills payable	33,800
Land and buildings	60,000	Creditors	70,000
Plant and machinery	40,000	Purchase returns	2,650
Loose tools	3,000	Sales	2,18,000
Bills receivable	3,000		
Stock, 1st Jan. 1964	40,000		
Purchases	51,000		
Wages	20,000		
Carriage outwards	500		
Carriage inwards	1,000		
Coal	5,800		

	Rs.	Rs.
Salaries	35,000	
Rent, rates and taxes	2,800	
Discount	1,500	
Cash at bank	25,000	
Cash in hand	400	
Sundry debtors	45,000	
Repairs	1,800	
Printing and stationery	500	
Bad debts	1,200	
Advertisements	3,500	
Sales returns	2,000	
Furniture	1,200	
General expenses	5,250	

Adjustments :

(i) Closing stock on 31st December 1964 was Rs. 35,000.

(ii) Depreciate plant and machinery, tools and furniture by 10% and land and buildings by 2.5%.

(iii) Outstanding wages Rs. 1,500.

(iv) Advertisements prepaid are Rs. 500.

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17. (a) Explain the different goals of financial management.

Or

(b) Explain the relationship between financial management and other areas of management.

18. (a) Bring out the need for financial statement analysis and interpretation.

Or

(b) Present the data in following final accounts in to common size income statement format.

Trading Account
For the year ended 31st March 2010

Particulars	Amount	Amount	Particulars	Amount	Amount
Opening stock		12,000	Sales	2,45,000	
Purchase	1,50,000		Less : Sales return	5,000	2,40,000
Less : Purchase return	5,000	1,45,000	Closing stock		75,000
Carriage inward		2,000			
Wages		12,000			
Gross profit		1,44,000			
Total		3,15,000			3,15,000

Profit and Loss Account
For the year ended 31st March 2010

Particulars	Amount	Particulars	Amount
Selling expenses	15,000	Gross profit	1,44,000
Administrative expenses	20,000	Commission received	5,000
Interest	5,500		
Income tax	12,000		
Miscellaneous expenses	1,000		
Net profit	95,500		
	1,49,000		1,49,000

19. (a) Describe the classification of ratios based on the purpose.

Or

(b) Calculate the following ratios from the data given below :

(i) Current ratio

(ii) Working capital turnover

(iii) Net profit margin

(iv) Debt equity ratio

(v) Return on capital employed.

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