

- (b) X Ltd. is considering the purchase of new machine which will carry out operations performed by labour A and B are alternative models. From the following information, you are required to prepare a profitability statement and work out the pay-back period in respect of each machine :

	Machine A	Machine B
Estimated life of machine (years)	5	6
Cost of machine	Rs. 1,50,000	Rs. 2,50,000
Cost of indirect materials	6,000	8,000
Estimate savings in scrap	10,000	15,000
Additional cost of maintenance	19,000	27,000
Estimated savings in direct wages :		
Employees not required (number)	150	200
Wages per employee	600	600

Taxation is to be regarded as 50% of profit (ignore depreciation for calculation of tax). Which model would you recommend? State your reasons.

Reg. No. :

Code No. : 6282

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MASTER OF TOURISM MANAGEMENT (CBCS)
DEGREE EXAMINATION, NOVEMBER 2010.

Third Semester

ACCOUNTING AND FINANCE MANAGEMENT

(For those who joined in July 2009 onwards)

Time : Three hours .

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

1. What is cash book?
2. What is the principle of materiality?
3. Define balance sheet.
4. Define depreciation.
5. What is financial management?
6. What is wealth maximization?
7. Define capital structure.

8. What is debt-equity ratio?
9. What are current assets?
10. Define accounting ratio.

PART B — (5 × 5 = 25 marks)

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

11. (a) From the following particulars prepare a bank reconciliation statement as on 31st March 1990.
 - (i) Bank balance as on 31st March 1990 as per pass book Rs. 15,200.
 - (ii) Bank charges debited Rs. 130.
 - (iii) Cheques issued but not presented to bank for payment Rs. 2,000.
 - (iv) Cheques deposited into bank not credited in the pass book Rs. 7,000.
 - (v) A cheque entered as deposit in the cash book instead of as a payment Rs. 220.
 - (vi) Rs. 364 paid into bank had been entered twice in the cash book.
 - (vii) The receipt column of the cash book has been over cast by Rs. 1,000.
 - (viii) A cheque drawn Rs. 9 had been incorrectly entered in the cash book as Rs. 99.

Or

- (b) Ramesh had the following transactions. Use accounting equation to show their effect on his assets, liabilities and capital.
 - (i) Ramesh brought Rs. 1,35,000 in cash to start business.
 - (ii) Purchased securities for cash Rs. 67,500.
 - (iii) Purchased an office building for Rs. 1,35,000 paying Rs. 45,000 in cash and the balance through a loan arranged.
 - (iv) Sold securities costing Rs. 9,000 for Rs. 13,500.
 - (v) Purchased machinery for cash Rs. 25,200.
 - (vi) Rent received in cash Rs. 32,400.
 - (vii) Paid cash Rs. 4,500 for loan and Rs. 2,700 for interest, of which Rs. 700 is prepaid.
 - (viii) Office building expenses paid in cash Rs. 2,700.
 - (ix) Dividend on securities received in cash Rs. 1,800.

12. (a) State the causes for the difference between balance as per cash book and balance as per pass book.

Or

- (b) Prepare trading and profit and Loss Account from the information given below :

	Rs.		Rs.
Opening stock	3,600	Rent (Factory)	400
Purchases	18,260	Rent (Office)	500
Wages	3,620	Sales Returns	700
Closing stock	4,420	Purchase Returns	900
Sales	32,000	General Expenses	900
Carriage on purchases	500	Discount to Customers	360
Carriage on sales	400	Interest from Bank	200

13. (a) Write down the role of finance manager.

Or

- (b) How does cash budget act as a tool of financial management?

14. (a) What are the draw backs of under capitalisation?

Or

- (b) How do you compute the debt capacity of a company?

15. (a) State the need for preparing fund flow statement.

Or

- (b) 'Higher rate of return results in higher net present value'. Do you agree? Discuss.

PART C — (5 × 8 = 40 marks)

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

16. (a) From the following balances extracted from the ledger, you are required to prepare a Trial Balance.

	Rs.
A. Brown's Drawings account	5,800
A. Brown's Capital account	24,000
Sundry creditors	43,000
Bills payable	4,000
Sundry Debtors	51,000
Bills receivable	5,200
Loan advanced to Rao & Co.	10,000
Fixtures and Fittings	4,500
Stock at commencement	47,000
Cash in office	900

	Rs.
Cash at the State Bank	12,500
Overdraft with the Central Bank	6,000
Purchases	50,000
Duty and clearing charges	3,500
Sales	1,28,000
Staff salaries	9,500
Return from customers	1,000
Return to Creditors	1,100
Trade expenses	2,500
Rent account	2,000
Discount Received	4,000

Or

(b) Journalise the following transactions of Mr. Rahim.

March	Rs.
2000	
1 Rahim commenced business with cash	1,60,000
Goods north Rs. 80,000 and furniture	30,000
2 Opened current A/c with Indian Bank	40,000
3 Bought goods of Santhanam	20,000

March	Rs.
2000	
4 Sales to Radha	16,000
5 Sold to Jagan	80,000
6 Swamy sold goods to us	10,000
7 Kannan bought goods from us	6,000
8 Typewriter purchased	12,000
9 Received goods returned by Radha	1,400
11 Returned goods to Santhanam	1,000
15 Received cheque from Radha	14,000
16 Paid Radha's cheque into Bank	
18 Sold goods to Sankar and cash received	2,000
19 Paid into Bank	2,000
20 Purchased a Motor cycle for personal use	60,000
22 Stationery purchased and paid by cheque	500
24 Bought a steel cash box through cheque	4,000
25 Drew cheque for personal use	3,000
27 Withdrew from Bank	6,000
31 Paid Salaries	5,000

12. (a) State the causes for the difference between balance as per cash book and balance as per pass book.

Or

- (b) Prepare trading and profit and Loss Account from the information given below :

	Rs.		Rs.
Opening stock	3,600	Rent (Factory)	400
Purchases	18,260	Rent (Office)	500
Wages	3,620	Sales Returns	700
Closing stock	4,420	Purchase Returns	900
Sales	32,000	General Expenses	900
Carriage on purchases	500	Discount to Customers	360
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13. (a) Write down the role of finance manager.

Or

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Or

- (b) How do you compute the debt capacity of a company?

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Or

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