

(8 pages)

Reg. No. :

Code No. : 6925

Sub. Code : HCAM 31

M.C.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2014.

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. Capital is

- (a) a liability
- (b) a personal account
- (c) an asset
- (d) both (a) and (b)

2. A person who brings capital to the business is called

- (a) proprietor
- (b) debtor
- (c) creditor
- (d) none of the above

3. Basic objective of Financial Management is

- (a) maximization of profits
- (b) maximization of shareholders' wealth
- (c) ensuring financial discipline in the organisation
- (d) none of the above

4. Financial decisions involve

- (a) investment, financing and dividend decisions
- (b) investment, financing and sales decisions.
- (c) financing, dividend and surplus management decisions
- (d) all the above

5. Closing stock is valued at

- (a) cost price
- (b) market price
- (c) cost or market price whichever is less
- (d) none of the above

Page 2

Code No. : 6925



6. Which of the following is NOT a current asset?

- (a) cash on hand
- (b) cash at bank
- (c) sundry creditors
- (d) accounts receivable

7. Ratio of net sales to net working capital is a

- (a) working capital turnover ratio
- (b) profitability ratio
- (c) liquidity ratio
- (d) none of the above

8. Debt Equity ratio is

- (a) liquidity ratio
- (b) solvency ratio
- (c) profitability ratio
- (d) none of the above

9. Customized accounting software is suitable for

- (a) small conventional business
- (b) large, medium businesses
- (c) large, typical business
- (d) micro and small business institutions

Page 3 Code No. : 6925

10. Tailored category of accounting software needs

- (a) low level of training
- (b) medium level of training
- (c) high level of training
- (d) no training at all

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Define accounting and state its objectives.

Or

(b) Journalise the following transactions

April 2005

- 2 Started business with Rs.10,000; paid into Bank Rs.5,000
- 3 Bought furniture for Rs.500
- 5 Bought goods for Rs. 3,000
- 6 Sold goods for Rs.600
- 10 Bought one typewriter for Rs.800 from the Remington Rand Inc. on credit
- 13 Sold goods to M/s Anand and Sons for Rs.1,000 on credit

Page 4 Code No. : 6925

[P.T.O.]



April 2005

- 15 Bought goods from M/s Mohindra and Co. for Rs.2,000 on credit
- 18 Paid telephone rent Rs.240 for one year
- 22 Paid Rs.100 for advertisement
- 26 Sold goods to M/s Lal and Co for Rs.800 for cash

12. (a) Describe the modern concept of financial management.

Or

- (b) State the importance of financial management.

13. (a) Explain the limitations of financial statements.

Or

- (b) State the purpose and objectives of financial statement analysis.

14. (a) Given the following data, calculate net working capital

Current assets 4,00,000

Current ratio 3:1

Or

- (b) Explain any three activity ratios.

Page 5

Code No. : 6925

15. (a) What is Electronic Data Processing?

Or

- (b) What do you mean by MIS Reports?

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Explain briefly different branches of accounting.

Or

- (b) Prepare Trading, Profit and Loss accounts for the year ending on 31st March 2009 and Balance Sheet as on that date from the information extracted from ABC Ltd.

	Rs.		Rs.
Capital	2,00,000	Motor van	60,000
Drawings	50,000	Salaries	50,000
Purchase	9,00,000	Rent	20,000
Sales	13,00,000	Taxes	3,000
Returns inwards	7,000	Insurance	6,000
Returns outwards	9,000	Sundry debtors	80,000
Carriage inwards	11,000	Sundry creditors	60,000
Carriage outwards	8,000	Cash on hand	2,55,000
Duty on purchases	20,000	Furniture	10,000
Stock (Opening)	1,10,000	Land	2,00,400

Page 6

Code No. : 6925



Adjustments :

- (i) Closing stock 54,000.
- (ii) Depreciation : 10% on Land
15% on Furniture
20% on Motor Van.

17. (a) Describe the functions of financial controller.

Or

(b) Bring out the differences between financial management and financial accounting.

18. (a) Bring out the limitations of financial analysis.

Or

(b) Prepare from the following data an income statement in comparative format

Trading Account					
Particulars	2009	2010	Particulars	2009	2010
	Rs.	Rs.		Rs.	Rs.
Opening stock	12,000	14,000	Sales	2,00,000	3,50,000
Purchase	1,50,000	2,00,000	Closing stock	75,000	50,000
Carriage inward	1,500	2,500			
Wages	12,000	18,000			
Gross Profit	99,500	1,65,500			
Total	2,75,000	4,00,000	Total	2,75,000	4,00,000

Page 7

Code No. : 6925

Profit and Loss Account

Particulars	2009	2010	Particulars	2009	2010
	Rs.	Rs.		Rs.	Rs.
Selling expenses	23,000	18,000	Gross profit	99,500	1,65,500
Administrative expenses	42,000	36,000			
Financial expenses	3,500	5,500			
General expenses	2,000	4,000			
Miscellaneous expenses	750	1,500			
Net profit	28,250	1,00,500			
Total	99,500	1,65,500	Total	99,500	1,65,500

19. (a) Differentiate funds flow statement from cash flow statement.

Or

(b) From the following data calculate schedule of changes in working capital.

20. (a) Mechanized accounting systems are best form of accounting system. Do you agree? Comment.

Or

(b) Describe the advantages and limitations of mechanized accounting systems.

Page 8

Code No. : 6925

