



# THE AMERICAN COLLEGE, MADURAI

(An Autonomous Institution Affiliated to Madurai Kamaraj University)

Re-accredited (2<sup>nd</sup> Cycle) by NAAC with Grade "A", CGPA – 3.46 on a 4-point scale

## Backlog Arrear Examination, March 2021

MCA 5431 ACCOUNTING AND FINANCIAL MANAGEMENT

MAX. MARK: 75

Time: 3 hrs

Answer any FIVE questions

5 X 15 = 75 Marks

1. Discuss the various concept and conventions of accounting.
2. From the trial balance given below, prepare Trading, Profit & Loss A/c for the year ending 31.03.2009 and a Balance Sheet as on that date taking into account the following adjustments.
  - (a) Closing Stock Rs. 21,000;
  - b) Prepaid Insurance Rs. 1,000;
  - (c) Wages Outstanding Rs. 2,000;
  - d) Provide depreciation on Building @ 5% and Furniture @ 10%

Debit Balance	Rs	Credit Balance	Rs
Furniture	10,000	Capital	60,000
Building	50,000	Sales	1,80,000
Opening Stock	8,000	Creditors	22,500
Purchase	25,000	Discount received	2,500
Sales Returns	3,000	Bills Payable	10,000
Wages	10,000	Purchase Return	2,000
Salary	18,000	Loan	20,000
Rent, Rates and Insurance	8,000		
Carriage Inwards	2,000		
Power	6,000		
Lighting	3,000		
Postage	1,000		
Printing	8,000		
Drawing	5,000		
Machinery	1,00,000		
Carriage Outwards	10,000		
Cash	10,000		
Bank	20,000		
	2,97,000		2,97,000

3. What is cash flow statement? Difference between fund flow and cash flow statement.

4. BPL Limited wishes to arrange overdraft facilities with bankers during the period April to June 2018 when it will be manufacturing mostly for stock. Prepare Cash budget for the above period from the following data indicating the extent of the facilities the company will require at the end of each month.

Month	Credit Sales	Purchases	Wages
February	180000	124800	12000
March	192000	144000	14000
April	108000	243000	11000
May	174000	246000	10000
June	126000	268000	15000

- i) 50% of credit sales are realised in the month following sales and the remaining 50% in the second month following. Creditors are paid in the month following the month of purchase. Lag in payment of wages one month
- ii) Cash at bank on 1-4-2018 (estimated ) Rs.25000
5. Discuss the various classification budgets according to functions.
6. Critically examine the various methods of evaluating capital expenditure proposals and importance of capital budgeting.
7. A) R Ltd. is considering the purchase of a new machine which will carry out the operations performed by labour. Damsel and Shylock are alternative models. From the following information, you are required to prepare a profitability statement and work out the payback period in respect of each machine.

	Machine Damsel	Machine Shylock
Estimated life of machine (years)	10	12
	Rs.	Rs.
Cost of machine	3,00,000	5,00,000
Cost of Indirect material p.a	12,000	16,000
Estimated savings in scarp p.a	20,000	30,000
Additional cost of maintenance p.a	14,000	22,000
Additional cost of supervision p.a	24,000	32,000
Estimated savings in direct wages:		
Employees not required (number)	150	200
Wages per employee p.a	1,200	1,200

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

- B) From the following information of product No 555, calculate Material Variances.

Material	Standard quantity	Standard Price	Actual quantity	Actual price
A	20	5	24	4.00
B	16	4	14	4.50
C	12	3	10	3.25
	48		48	