

Seat No. : _____

DG-113

December-2013

5 years M.Sc. (CA & IT)

Integrated (K.S.) 1st Sem. FY M. Sc.

Financial Accounting and Management

Time : 2 Hours]

[Max. Marks : 50

1. Answer the following questions : (any one) **10**
- (1) What is meant by Financial Accounting ? Who are the users of Financial Information ? What are their needs ?
- (2) Explain the following concepts in detail :
- (a) Going concern concept
- (b) Matching concept
2. The Financial statements of ABC Ltd. contain the following information as on 31-3-2012. **10**

Balance Sheet

Liabilities	₹ '000	Assets	₹ '000
60,000 Equity Shares	600	Fixed Assets	700
Long term debt	200	Inventory	130
Accounts payable	160	Accounts receivable	120
Other current liabilities	40	Cash	50
	1,000		1,000

Income Statement

	₹ '000
Sales	1,800
Less :	
Cost of goods sold	800
General Administration and Selling expenses	200
All other expenses	500
	<u>1,500</u>
Net Income	300

You are required to calculate :

- (1) Current ratio
- (2) Stock turnover ratio
- (3) Net profit ratio
- (4) Debt equity ratio
- (5) Return on equity

OR

Explain meaning and significance of cash flow statement. Also prepare Cash Flow Statement as per AS-3 with imaginary figure.

3. A company has the following capital structure at 31-3-2012.

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Particulars	Amount (₹)	Specific Cost (%)
Equity Capital	50,00,000	?
Preference Capital	40,00,000	8%
Debentures	60,00,000	14%

The Company's Tax rate is 50%. It is expected to pay a dividend of ₹ 15 per share in the current year and this dividend is expected to grow at the rate of 8% p.a. forever. The company's equity share is currently selling at ₹ 150 per share. Calculate weighted average cost of capital.

OR

What is meant by cost of capital ? How it is ascertained ? Explain in detail.

4. Your company is considering two projects, *M* and *N*. Each of which requires an initial outlay of ₹ 240 million. The expected cash inflows from these projects are :

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Year	Project M	Project N
1	85	100
2	120	110
3	180	120
4	100	90

If the two projects are mutually exclusive and the cost of capital is 12 percent, which project should the firm invest in based on NPV criteria?

OR

Define and explain the following with their respective merits and demerits :

- (a) Average Rate of Return
- (b) Pay back period

5. The following is the Trial Balance of N.I. Ltd. as on 31-3-2012.

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Particulars	Debit (₹)	Credit (₹)
Stock on 1-4-2009	7,50,000	
Sales and Purchases	24,50,000	35,00,000
Wages	5,00,000	
Discounts	70,000	50,000
Salaries	75,000	
Rent	49,500	
General expenses including insurance	1,75,000	
Profit and loss a/c on 1-1-2009		1,50,300
Dividend paid	90,000	
Bad debts	48,300	
General Reserve		1,55,000
Cash and Bank	1,62,000	4,500
Authorized and issued capital (1,00,000 shares of ₹ 10 each)		10,00,000
Debtors and Creditors	3,75,000	1,75,000
Plant and Machinery	2,90,000	
Total :	50,34,800	50,34,800

You are required to prepare trading a/c and Profit and Loss a/c for the year ending 31-3-2012 and Balance Sheet as on that date after making following adjustments.

- (1) Closing Stock ₹ 8,20,000.
- (2) Depreciate Machinery @ 15% p.a.
- (3) Provide 5% discount on debtors.
- (4) One month's rent @ ₹ 54,000 p.a. was due on 31-3-2012.
- (5) Six months insurance was un expired ₹ 3,750.

