

Seat No. : \_\_\_\_\_

# NG-109

December-2015

F.Y. M.Sc. (CA & IT)

## Financial Accounting and Management

Time : 2 Hours]

[Max. Marks : 50

1. Write a short-note on : (Any two) 10
- (a) Characteristics of Accounting
- (b) Users of accounting
- (c) Accounting period concept
2. From the following balances of Narayan , prepare Trading and Profit and Loss account for the year ended on 31<sup>st</sup> March 2015 and Balance Sheet as on that date. 10

Debit Balance	₹	Credit Balance	₹
Purchases	15,000	Capital	40,000
Salaries	2,000	Sales	25,000
Rent	1,500	Creditors	1,000
Insurance	300	Bills payable	3,000
Drawings	5,000	Loan	20,000
Machinery	28,000	Return	2,200
Bank	4,500	Discounts	4,400
Cash	2,000		
Stock	5,200		
Debtors	2,500		
Goodwill	3,000		
Wages	23,600		
General Expenses	2,680		
Motor car expenses	320		
	<b>95,600</b>		<b>95,600</b>

**Adjustments :**

- (a) Stock on hand at 31<sup>st</sup> March, 2015 is ₹ 4,900.
  - (b) Salaries outstanding ₹ 300.
  - (c) Rent paid in advance ₹ 200.
  - (d) Insurance paid in advance ₹ 50.
  - (e) Depreciate machinery by 10%.
  - (f) Narayan took goods worth ₹ 100 for his personal use.
  - (g) Commission earned but not received ₹ 3,600.
3. The total assets of Suman Ltd. are ₹ 4,00,000 for which funds have been raised as follows. 10

Particulars	₹
Debentures	1,30,000
Equity shares	2,25,000
General reserve	45,000

The profit of the company after interest and taxes is ₹ 33,750. The rate of interest on debentures is 10% and tax rate is 55% . The equity shares are of ₹ 100 each and there are 2,250 shares, whose market values ₹ 140. Determine the weighted average cost of capital.

4. Following is the summarized Balance Sheet of “Sarjan” Ltd. as on 31-3-15 : 10

Liabilities	₹	Assets	₹
Equity share capital	1,50,000	Fixed Assets	3,50,000
General reserve	30,000	Debtors	50,000
Profit & loss A/c	20,000	Bills receivables	23,000
9% debentures	2,00,000	Stock	65,000
Creditors	75,000	Cash	12,000
Bills payable	15,000		
Bank overdraft	10,000		
	<b>5,00,000</b>		<b>5,00,000</b>

**Additional Informations :**

Sales (20% cash sales) 4,50,000

Cost of sales 2,17,500

Administrative, selling and other financial expenses 32,500

(Other than interest and tax at 50%)

Stock on 31-3-14 was ₹ 35,000

From above information calculate following ratios

- (i) Current ratio
- (ii) Net profit ratio
- (iii) Stock turnover ratio
- (iv) Debtor's ratio (Assume 360 days in a year)
- (v) Rate of return on capital employed

**OR**

4. What is cash flow statement ? Prepare cash flow statement with imaginary figures as per accounting standard-3.

5. One company is considering investing into the project having following features. **10**

Initial project cost : ₹ 2,40,000

Estimated life : 5 years

Scrap value : ₹ 20,000

The details about sales and expenses for the five years are as below :

<b>Particulars</b>	<b>Yr-1</b>	<b>Yr-2</b>	<b>Yr-3</b>	<b>Yr-4</b>	<b>Yr-5</b>
Sales	1,60,000	2,00,000	1,80,000	1,40,000	1,50,000
Expenses	1,00,000	90,000	80,000	70,000	60,000

The company depreciates under the straight line method. The tax rate is 50%. The company's cost of capital is 12%.

Evaluate the project under the following methods :

- (i) Pay-back period
- (ii) Accounting rate of return
- (iii) Net present value
- (iv) Profitability index



