

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MSc(SS) DEGREE EXAMINATION MAY 2024
(Eighth Semester)

Branch – SOFTWARE SYSTEMS (five year integrated)

ACCOUNTING AND FINANCIAL MANAGEMENT

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 x 1 = 10)

1. Who was introduced the double entry system?
i) Luco Pacioli ii) Hames iii) Anderson iv) Williamson
2. Which is the second important stage in the accounting process?
i) Journal ii) Ledger iii) Trial Balance iv) Balance sheet
3. Which is the type of cash book is provides the maximum utility?
i) Simple Cash book ii) Single column iii) Two column iv) Three columnar
4. Which account is prepared for a specific period to know the trading results?
i) Trading ii) P&L A/c iii) Balance sheet iv) Manufacturing
5. Which is mainly concerned with acquiring, utilizing the financial resources of the firm?
i) Financial management ii) Financial accounting
iii) Financial decision iv) None of these
6. _____ maximization is the net present value of a financial decision.
i) Profit ii) Capital iii) Wealth iv) Manager
7. Which is a traditional and old method of the capital budgeting?
i) NPV ii) Payback period iii) IRR iv) Capital budgeting
8. Indicate the capital budgeting method recognises the time value of money.
i) NPV ii) Payback period iii) Accounting period iv) None of these
9. Find out the dictionary meaning of inventory.
i) NPV ii) Capital Budgeting iii) Current liability iv) Stock of goods
10. _____ is the excess of current assets over current liabilities.
i) Dividend ii) Operating cycle iii) Capital structure iv) Working capital

SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 7 = 35)

- 11 a Analyse the various accounting concepts.

OR

- b Prepare the journal entries in the following transactions of M/s. Radha & Sons.

2023 June		Rs.
1	Purchased machinery on credit from Rangan	50,000
12	Goods sold to Yesodha	22,500
15	Goods sold for cash	50,000
18	Paid rent	25,000
20	Cash withdrew from bank	15,000

Cont...

- 12 a. Anand starts business with Rs.10,000 on 1.7.2023. Of this, he pays Rs.9,000 into his bank account. His cash transactions during the first year week were;

2023 July		Rs.
1	Purchased stationery, paid cash	40
	Purchased goods for cash	650
	Purchased office table and chair	200
2	Cash sales	150
3	Received from Gopal as advance for a consignment of goods	200
4	Paid Sethi & Co. cash	140
5	Paid for sign board	130
6	Cash sales	160
6	Purchased old typewriter	300

Show the cash book for the period.

OR

- b From the following given below determine Trading Account.

	Rs.
Opening stock	1,00,000
Purchases	1,50,000
Purchases returns	25,000
Direct taxes	10,000
Carriage inwards	5,000
Sales	4,00,000
Closing stock	50,000

- 13 a Explain the importance of corporate finance.

OR

- b Indicate the classification of financial decisions.

- 14 a Elucidate the significance of capital budgeting.

OR

- b Determine the pay-back periods of the following projects each requiring a cash outlay of Rs.1,00,000. Suggest which projects are acceptable if the standard pay-back period is 5 years.

Year	Cash inflows		
	Project A	Project B	Project C
1	30,000	30,000	10,000
2	30,000	40,000	20,000
3	30,000	20,000	30,000
4	30,000	10,000	40,000
5	30,000	5,000	-

- 15 a Prepare an estimate of working capital requirement from the following information of a trading concern;

Project annual sales	1,00,000 units
Selling price	Rs.8 per unit
% age of net profit on sales	25%
Average credit period allowed to customers	8 weeks
Average credit period allowed by suppliers	4 weeks
Average stock holding in terms of sales requirements	12 weeks
Allow 10% for contingencies	

OR

- b Evaluate the objectives of investment management.

Cont...

SECTION -C (30 Marks)

Answer ANY THREE questions
ALL questions carry EQUAL Marks (3 x 10 = 30)

- 16 Journalise the following transactions in Balan's books:

2024	
Jan 1	Balan's started business investing cash Rs.50,000.
2	Purchased building for Rs.10,000.
3	Purchased goods for cash Rs.3,000.
4	Purchased goods on credit Rs.2,500.
5	Paid cartage Rs.200.

- 17 Enter the following transactions of a trader Predict the triple Column cash book;

2022 Nov.1	Nizam started business with Rs.1,00,000.
2	Deposited into bank of Bodi Rs.95,000.
5	Purchased a building for Rs.70,000 and paid by cheque.
10	Purchased merchandise Rs.20,000 and paid by cheque.
25	Paid freight Rs.50
29	Withdrew from bank for personal use Rs.500
30	Cleared electricity bill Rs.90.

- 18 Enumerate the objectives of financial management.
- 19 From the following information Determine the net present value of the two projects and suggest which of the two projects should be accepted assuming a discount rate of 10%.

	Project X	Project Y
Initial investments	Rs.20,000	Rs.30,000
Estimated life	5 years	5 Years
Scrap value	Rs.1,000	Rs.2,000

The profits before depreciation and after taxes (cash flows) are as follows;

	Year 1 Rs.	Year 2 Rs.	Year 3 Rs.	Year 4 Rs.	Year 5 Rs.
Project X	5,000	10,000	10,000	3,000	2,000
Project Y	20,000	10,000	5,000	3,000	2,000
Present value of Re1 @10% (Discount Factors)	.909	.826	.751	.683	.621

- 20 Enumerate the factors determining working capital.

Z-Z-Z END