(AUTONOMOUS)

MSc(SS) DEGREE EXAMINATION MAY 2026
(Eighth Semester)

Branch - **SOFTWARE SYSTEM (Five years Integrated)**

ACCOUNTING AND FINANCIAL MANAGEMENT

Time: Three Hours Maximum: 50 Marks

SECTION-A (5 Marks)
Answer **ALL** questions
ALL questions carry **EQUAL** marks (5 x 1 = 5)

1 Which is correct?
(i) Capital = Assets + Liabilities (ii) Liabilities = Capital-Assets
(iii) Capital = Net Assets (iv) Profit= Assets- Liabilities

2 Balance Sheet is a statement of _____.
(i) Profit (ii) Financial position of the organization
(iii)Liabilities (iv) None of the above

3 The main objective of financial management is
(i) Maximisation of profits (ii) Maximisation of shareholders wealth
(iii) Maximisation of dividends (iv) To Maximise the risk

4 Capital budgeting deals with
(i) Cash management (ii) Management of working capital
(iii) Managing fixed assets (iv) None of the above

5 CAPM stands for
(i) Cost of Assets Purchased Method (ii) Capital Assets Pricing Model
(iii) Cash Assets Pricing Model (iv) None of the above

SECTION - B (15 Marks)
Answer **ALL** Questions
ALL Questions Carry **EQUAL** Marks (5 x 3 = 15)

6 a) State the accounting rules.

OR

b) Journalise the following:

(i) Cash Purchase Rs.3,500

(ii) Cash Sales Rs.6,500

(iii) Received cash from Hari Rs.5,000

7 a) Prepare Trading Account for the following information

	Rs.
Opening Stock	1,00,000
Purchase	1,50,000
Purchase Returns	25,000
Direct expenses	10,000
Carriage inwards	5,000
Sales	4,00,000
Closing Stock	50,000

OR

Cont…

Question No.7 Cont...

7 b) Ascertain cost of goods sold from the following:

	Rs.		Rs.
Opening stock	17,000	Indirect expenses	10,400
Purchase	61,000	Closing stock	18,000
Direct expenses	9,600		

8 a) Explain the scope of Financial Managemnt.

OR

b) Outline the organization of finance function.

9 a) Calculate its pay-back period.A project costs Rs.1,00,000 and yields an annual inflow of Rs.20,000 for 8 years.

OR

b) Write a brief note on NPV.

10 a) A company issues 10,000 10% preference shares of Rs.100 each. Cost of issue is Rs.2 per share. Calculate cost of preference capital if these shares are issued at a premium of 10%.

OR

b) A Ltd. issues Rs.50,000 8% debentures at a discount of 5 %. The tax rate is 50%, compute the cost of debt capital.

SECTION -C (30 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** Marks (5 x 6 = 30)

11 a) Distinguish between journal and ledger.

OR

b) Prepare Trial Balance from the following:

	Rs.		Rs.
Capital	9,000	Rent outstanding	1,000
Plant and Machinery	12,000	Opening Stock	2,000
Purchases	8,000	Sales Returns	4,000
Sales	12,000	Investments	14,000
Sundry creditors	8,000	Debtors	12,000
Bank Loan	22,000		

12 a) Prepare a Trading A/c, Profit & Loss A/c and Balance Sheet of Arvind as at 31st December 2005.

	Rs.		Rs.
Credit balances:		Postage	546
Capital	72,000	Bad debt	574
Creditors	17,440	Interest	2,590
Bills Payable	5,054	Insurance	834
Sales	1,56,364	Machinery	20,000
Loan	24,000	Stock(1.1.2005)	19,890
Debit Balance:		Purchase	1,24,184
Debtors	7,770	Wages	8,600
Salaries	8,000	Buildings	47,560
Discount	2,000	Furniture	32,310

Value of stock on 31.12.2005 Rs. 28,600.

OR

Cont...

12 b) Prepare a Trading A/c, Profit & Loss A/c and Balance Sheet as at 31st December 2023 from the following trial balance.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		40,000
Sales		25,000
Purchases	15,000	
Salaries	2,000	
Rent	1,500	
Insurance	300	
Drawings	5,000	
Machinery	28,000	
Bank Balance	4,500	
Cash	2,000	
Stock 1.1.2023	5,200	
Debtors	2,500	
Creditors		1,000
	66,000	66,000

Adjustments required:

(i) Stock on 31.12.2023 Rs.4,900
(ii) Salaries unpaid Rs.300
(iii) Rent paid in Advance Rs.200
(iv) Insurance prepaid Rs.90

13 a) Explain the objectives of financial management.

OR

b) Discuss the functional areas of financial management.

14 a) There are two projects X and Y. Each project requires an investment of Rs.20,000. You are required to rank these projects according to the pay back method from the following information:

Net profit before depreciation and after tax.

Years	Project X(Rs.)	Project Y(Rs.)
1	1,000	2,000
2	2,000	4,000
3	4,000	6,000
4	5,000	8,000
5	8,000	-

OR

b) Explain the nature of capital Budgeting.

15 a) Explain the importance of cost of capital.

OR

b) (i) Calculate the cost of equity in case the dividend per share is Rs.20 and the prize of the share is Rs.150.

(ii) Calculate the cost of debt in case the interest on debentures is 9% and the tax rate is 20%.

Z-Z-Z END