



**SIDDHARTH GROUP OF INSTITUTIONS :: PUTTUR**  
Siddharth Nagar, Narayanavanam Road – 517583

**QUESTION BANK (DESCRIPTIVE)**

**Subject with Code :** Accounting and Financial Management(18MB9056) **Course & Branch:** MCA  
**Year & Sem:** I-MCA& I-Sem **Regulation:** R16

**UNIT –I**

**Introduction to Accounting**

1. Explain the Importance of Accountancy? (12M)
2. Explain the concepts and conventions of Accounting? (12M)
3. Journalize the following transactions (12M)

2008 April 2 <sup>nd</sup>	Cash Sales	Rs. 5,000
April 4 <sup>th</sup>	Cash Purchase	Rs. 4,000
April 6 <sup>th</sup>	Purchased Machinery	Rs. 20,000
April 7 <sup>th</sup>	Salaries paid by Cheque	Rs. 35,000
April 8 <sup>th</sup>	Entertainment Expenses	Rs. 20,000
April 9 <sup>th</sup>	Cash paid to Ram	Rs. 5,000
April 10 <sup>th</sup>	Purchased Buildings	Rs. 1,00,000
April 11 <sup>th</sup>	Rent Paid	Rs. 5,000
April 12 <sup>th</sup>	Cash Deposited in Bank	Rs. 45,000
April 13 <sup>th</sup>	Commission received	Rs. 5,000
April 14 <sup>th</sup>	Purchased Computer paid by cheque	Rs. 30,000

4. Enter the following Transactions in the purchased returns books and purchase book. (12M)

2008		
Nov 1 <sup>st</sup>	Purchased goods from Krishna	Rs 25,000
Nov 2 <sup>nd</sup>	Purchased goods from suresh	Rs 70,000
Nov 3 <sup>rd</sup>	Purchased goods from Kavya	Rs 80,000
Nov 4 <sup>th</sup>	Purchased goods from suresh	Rs 25,000
Nov 5 <sup>th</sup>	Returned goods from pavithra	Rs 70,000
Nov 6 <sup>th</sup>	Purchased goods from Karthik	Rs 80,000
Nov 7 <sup>th</sup>	Returned goods from vijay	Rs 65,000
Nov 8 <sup>th</sup>	Returned Goods to Shyam	Rs 29,000
Nov 9 <sup>th</sup>	Returned goods from vijay	Rs 35,000

5. Write a short note on Double Entry System? (12M)
6. Explain the Classification of Accounts and Debit and Credit Rules? (12M)

7. What is accounting? Explain the advantages and Disadvantages of Accounting? (12M)

8. State the Objectives of Accounting? (12M)

9. Prepare Ramu account in the books of Harsha from the following Information (12M)

2009

April 2 <sup>nd</sup>	Balance due from varsha	Rs. 20,000
April 4 <sup>th</sup>	Cash sales to varsha	Rs. 4,000
April 6 <sup>th</sup>	Bought Furniture from varsha	Rs. 10,000
April 7 <sup>th</sup>	Goods sold to varsha	Rs. 5,000
April 8 <sup>th</sup>	Goods Returned from varsha	Rs. 300
April 9 <sup>th</sup>	Varsha settled his account with a cheque allowed discount Rs300	

10. Define Trial balance? Explain the objectives, merits and Demerits of Trial Balance? & Draw the Format of Trial balance? (12M)

11. From the following Trial Balance of Mr Raju prepare Final Accounts for the year ended 31-3-2009 (12M)

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Purchases	25200	Sales	.61604
Furniture	1600	Capital	35000
Wages	3500	Purchase Returns	225
Machinery	20000	Creditors	3900
Opening Stock	17525	Bank Overdraft	3000
Sales Returns	1200	Bills Payable	2000
Debtors	10400		
Carriage on Purchases	200		
Salaries	10600		
Carriage on sales	503		
Rent and Taxes	2001		
Cash at Bank	8000		
Drawings	5000		
	<b>105729</b>		<b>105729</b>

**UNIT –II**

**Introduction to Financial Management**

1. Explain the meaning and scope of financial management? (12M)

2. Explain the role of financial manager? (12M)

3. Explain the objectives of time value of money? (12M)
4. Explain the goals of financial management? (12M)
5. write a short note son financial leverage and operational leverage? (12M)
6. Brief about over capitalization and under capitalization? (12M)
7. Explain the sources of finance? (12M)
8. A firms has after tax cost of capital of the specific sources is as follows (12M)

Cost of debt 4.77%

Cost of preference capital 14.59%

Cost of equity capital 14.59%

Cost of retained capital 14.00%

The following are the capital structure of the firm:

Cost of debt 3,00,000

Preference share capital 2,00,000

Equity capital 4,00,000

Retained earnings 1,00,000

**Total amount 10,00,000**

9. Consider the following information for Ramu and company (12M)
- EBIT 1,120 Crores
- EBT 320 Crores
- Calculate the percentage change in earning per share if sales are increased by by 7%
10. Explain the cost of equity and preference share bonds? (12M)

### UNIT-III

#### Financial Analysis through Ratios

1. Explain Classification of ratios ?

(12M)

2. Explain the importance of ratios? (12M)
3. Explain the short term solvency and long term solvency? (12M)
4. A firm sold goods worth of rupees 5,00,000 and its gross profit is 20% sales value the inventory at the beginning of the year was Rs 16,000 and at the of the year was 14,000 compute inventory turnover ratio and also inventory holding period (12M)
5. A firm sales during the year was Rs 4,00,000 of which 60% were on credit basis the balance of debtors at the beginning and the end of the year were 25,000 and 15,000 respectively calculate debtors turnover ratio of the firm and also debt collection period (12M)
6. Suppose the net sales is 50,000 for a firm and cost of goods sold is Rs 20,000 calculate the gross profit ratio. (12M)
7. Suppose the net sales is 50,000 for a firm and cost of goods sold is Rs 20,000 the details of the expenses (12M)
- Administrative expenses Rs 3000
- Selling and Distribution Expenses Rs 4000
- Loss on sale of fixed assets Rs 3000
- Interest on investment Rs 2000
- Taxes @ 20%
8. Write a short note on Operating ratio? (12M)
9. Brief about dividend yield and price Earnings ratio? (12M)
10. Explain the importance of financial Management? (12M)

#### UNIT-IV

#### Funds flow and Cash Flow Analysis

1. Explain the importance of funds flow and cash flow analysis? (12M)
2. From the following comparative balance sheet of Sri ram Traders Ltd for the year ending 2011 and 2012 prepare cash flow statement (12M)

<b>Liabilities</b>	<b>2011</b>	<b>2012</b>	<b>Assets</b>	<b>2011</b>	<b>2012</b>
Equity share capital	3,50,000	3,70,000	Cash	45,000	39,000

10% debentures	60,000	30,000	Debtors	71,000	84,500
Creditors	51,800	59,200	Stock	2,46,000	2,13,500
Profit and Loss Account	50,200	52,800	Land	1,00,000	1,50,000
			Goodwill	50,000	25,000
<b>Total</b>	<b>5,12,000</b>	<b>5,12,000</b>		<b>5,12,000</b>	<b>5,12,000</b>

3. Explain the concept of Break Even Point? (12M)
4. Explain the importance of cost volume profit? (12M)
5. From the following information calculate (12M)
- Total cost Rs 3,60,000 Selling Price Rs 100 Variable cost Rs 50 Fixed Cost Rs 1,00,000
1. Calculate p/v Ratio
  2. Calculate Break Even Point and calculate margin of safety
  3. If selling price is reduced to R 90 by how much the margin of safety is reduced.
6. Explain the impact of changes in cost or selling price? (12M)
7. Explain the various determinations of break Even Point? (12M)
8. Calculate the BEP P/V ratio and margin of safety of each company and state which company is likely to earn greater profits? (12M)
9. Explain the significance of Break Even Analysis? (12M)
10. Write a short note on Margin of Safety? (12M)

### UNIT-V

#### Capital budgeting

1. Define capital? Explain the importance of capital? (12M)
2. Explain the various types of capital? (12M)
3. Explain the estimation of fixed and working capital requirements? (12M)
4. Explain the sources of finance? (12M)
5. Explain the features of Capital budgeting? (12M)
6. Explain the Proposals of Capital budgeting? (12M)
7. Explain the methods of capital budgeting? (12M)
8. Ramesh and company is considering the purchase of 2 machines X and Y each costing Rs 50,000 is available earnings after taxed are expected to be as under . (12M)

Year	machine X	machine Y
1	15,000	20,000

2	25,000	25,000
3	45,000	45,000
4	25,000	60,000
5	55,000	35,000

Calculate two alternatives according to Payback Period

9. Ramesh and company is considering the purchase of 2 machines X and Y each costing Rs 50,000 is available earnings after taxed are expected to be as under . (12M)

Year	machine X	machine Y
1	65,000	35,000
2	75,000	20,000
3	35,000	40,000
4	65,000	68,000
5	25,000	36,000

Calculate two alternatives according to Accounting Rate of Return

10. Explain the steps to calculate Internal Rate of Return? (12M)

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