

Paper Code & Roll No. to be filled in your Answer Book

Roll No.

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## MCA I Year (I Sem.)

Odd Semester Examination-2015

### PRINCIPLES OF FINACIAL ACCOUNTING

*Time : 3 Hours]*

*[Maximum Marks :100*

**Answer Any Four (4x5=20)**

1. Who are the internal users of Accounting Information?
2. What do you mean by Ledger? Discuss its importance.
3. Discuss double entry system and explain its merit and demerit.
4. Name any five objectives of preparing Trail Balance.
5. What is the need of Final Accounts? Show a specimen of Balance Sheet.

**Answer Any Four (4x5=20)**

1. What do you understand by Time Value of Money? What is the relevance of time value of money in financial decisions making?
2. Explain briefly any four points of the role of financial management.
3. "Share capital is better than debt capital" In the favor of this statement explain one factor which affects the

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4. To avoid the problem of shortage and surplus of funds what is required in the financial management? Name the concept and explain its any three points of importance.
5. Explain the concept of Payback Period. What are its limitations?

**Answer Any Two (2x10=20)**

1. What do you mean by capital budgeting? Discuss its features and objectives.
2. Loyal Ltd. Is considering the purchase of a machine. Two machines, X and Y, are available each costing Rs. 50,000; salvage is estimated at Rs. 3,000 and Rs. 2,000 respectively. Earnings after taxation are expected to be as follows:

Year	Cash Flow	
	Machine X	Machine Y
1	Rs. 15,000	Rs. 5,000
2	20,000	15,000
3	25,000	20,000
4	15,000	30,000
5	10,000	20,000

Evaluate the two alternatives according to Net Present Value Method. A discount rate of 10% is to be used.

3. A company is considering the purchase of a machine. Management does not want to purchase a machine if its payback period is more than 3 years and its rate of return of investment is less than 20%.

Two machines - X and Y are under consideration. Cost of each machine is Rs. 10,000 and working life is 4 years. Scrap value is Rs. 1,200 and Rs. 400 respectively. Annual cash inflows are as under:

Year	Machine X Rs.	Machine Y Rs.
First	2,000	3,000
Second	3,000	4,000
Third	4,000	5,000
Fourth	8,000	5,000

Evaluate the two proposals and suggest as to which machine should be purchased?

**Answer Any Two (2×10=20)**

1. Explain controllable and non-controllable cost with examples.
2. What is meant by abc analysis of material control? Explain with suitable example.
3. Calculate economic order quantity and total amount of inventory cost in respect of the particular raw material.

**Answer Any Two (2×10=20)**

1. Enumerate the basic requirements of computerised accounting system for a business organization.
2. Intentional manipulation of accounting records is much easier in computerised accounting than in manual accounting. How?
3. Discuss various Coding logic and codes required in Computerized Accounting System.