



**SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY
(AUTONOMOUS) :: PUTTUR**

Siddharth Nagar, Narayanavanam Road – 517583

QUESTION BANK (DESCRIPTIVE)

Subject with Code :ACCOUNTING & FINANCIAL MANAGEMENT (19MB9056)

Course & Branch: MCA I-Year II-Sem

Regulation: R19

UNIT –I

1. What is accounting? Explain its objectives and principles. 10M
2. What are accounting concepts and conventions? 10M
3. Prepare journal and post them into ledger:

01.01.2002 James started business with cash	Rs 5000
01.01.2002 Furniture	Rs 2000
01.01.2002 Machinery	Rs 3000
01.01.2002 Purchased goods for cash	Rs 5000
03.01.2002 Goods purchased from Sundaram & Co	Rs 1000
04.01.2002 Sold goods to Rama Rao	Rs 5000
4. How do you classify accounts? What is ledger? 10M
5. (a) Explain accounting principles and its concepts 5M
 (b) Classify the accounts with suitable examples and explain rule of debit and credit. 5M
6. Classify the types of accounts and write accounting rules with example transaction for each type of account. 10M
7. What is dual concept of accounting and explain the accounting equation with suitable Example transaction? 10M
8. What do you mean by accounting? And illustrate its scope. 10M
9. According to the principles of 'Double entry system' Every debit has a Corresponding credit? Explain clearly. 10M
10. What are the advantages & disadvantages of Accounting` 10M

UNIT –II

1. Define scope of financial management. What role should financial manager play in modern enterprise? 10M
2. What are the basic financial decisions? How do they involve risk return trade off? 10M
3. Explain the following:
 - (a) Financial management 4M
 - (b) Wealth maximization 3M
 - (c) Profit maximization. 3M
4. Explain the differences between fixed capital and working capital? 10M
5. How should the finance function of an enterprise be organized? 10M
6. Discuss in detail the concept of Leverages. 10M
7. What are the sources of finance? How the sources can affect the business? 10M
8. Describe the objectives of financial management. 10M
9. Explain the following:
 - a) Over capitalization 5M
 - b) Under capitalization 5M
10. What is cost of capital? How do you measure the cost of capital? 10M

UNIT-III

1. What is Ratio? How the ratios are expressed? 10M
2. How do you classify Ratio? Explain with suitable examples. 10M
3. Describe the significance and interpretation of ratios.
4. Explain the following:
 - a) Liquidity Ratio 4M
 - b) Gross profit Ratio 3M
 - c) Net profit Ratio 3M
5. Sales Rs.1000000, Cost of goods sold Rs.500000,Other operating expenses Rs.250000.
Find out Gross profit Ratio and Net profit Ratio. 10M
6. What is Ratio analysis? Explain its objects. 10M
7. Calculate Debtors turn over Ratio, if total sales is Rs.250000, cash sales Rs.70000,debtors in the beginning is Rs.16000 and at the end Rs.8000 more. 10M
8. Explain the following:
 - (a) Cash ratio 3M
 - (b) Quick ratio 4M
 - (c) Operating ratio 3M
9. Explain briefly the limitations of Ratio analysis. 10M
10. What is the Ratio of return of return on capital employed? 10M

UNIT-IV

1. Explain cost – volume profit analysis. 10M
 2. Explain the ways by which profit volume ratio can be improved. 10M
 3. Explain the uses of break even analysis in profit planning. 10M
 4. What are the steps involved in preparation of Funds flow statement? 10M
 5. What are the differences between funds flow and cash flow statements? 10M
 6. What are the managerial uses of break even analysis? 10M
 7. From the following information calculate:
 - (a) P/V Ratio. 2M
 - (b) Breakeven point. 3M
 - (c) Margin of safety. 2M
 - (d) If selling price is reduced to Rs.90, how much is the margin of safety is reduced? 3M

Total sales Rs.3, 60,000
Selling price per unit Rs.100
Variable cost per unit Rs.50
Fixed cost Rs.1, 00,000.
 8. From the following data calculate P/V Ratio and Breakeven quantity. 10M
- | Particulars | Period I | Period II |
|-------------|----------|-----------|
| | Rs. | Rs. |
| Sales | 45,000 | 60,000 |
| Profit | 35,000 | 45,000 |
9. Examine the managerial uses of funds flow statement. 10M
 10. What is Funds Flow statement? Discuss the significance of funds flow statement. 10M

UNIT-V

1. Explain the concept of Capital budgeting. 10M
2. What are the techniques of capital budgeting? 10M
3. What is Payback period? Also, discuss the utility of the payback period. 10M
4. Explain the following:
 - a) Payback period 5M
 - b) Net present value 5M
5. Explain the following:
 - a) Accounting rate of return 5M
 - b) Internal rate of return 5M
6. The cost of the project is Rs. 50000 which has the expected life of 5 years to cash inflow of 5 years. Determine the payback period from the following cash inflows:
Year-1 - Rs 24000,
Year-2 - Rs 26000,
Year-3 - Rs 20000,
Year-4 - Rs 17000,
Year-5 - Rs16000 10M
7. Explain the significance of capital budgeting. 10M
8. Discuss the all methods of capital budgeting. 10M
9. What are the components of net cash outlay? 10M
10. Why is it important to evaluate capital budgeting projects? 10M

Case study:

The following Trail balance was extracted from the books of Mr. Rao & sons on March 31,2002. You are required to prepare a Trading account and profit and loss account for the year ended March 31, 2002 and a Balance sheet as on that date.

Particulars	Debit Rs.	Credit Rs.
Debtors	12000	
Creditors		7900
Capital		30000
Drawings	2900	
Rent and rates	250	
Trade expenses	670	
Purchases	8640	
Sales		14290
Return outwards		280
Return inwards	190	
Carriage inwards	250	
Wages	2950	
Salaries	1200	
Stock(1-4-2001)	3100	
Discount received		240
Discount allowed	180	
Bad debts	200	
Machinery	2510	
Furniture	1800	
Cash in hand	500	
Cash at Bank	15400	
	52710	52710

Closing stock was valued Rs.14, 220

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