SECTION - D (1 ×15= 15)

(Compulsory)

10. Plastic manufacturer is under consideration the proposal of production of high quality plastic glasses. The necessary equipment to manufacture the glasses would cost Rs. 1,00,000 and would last 5 years. The tax rate of depreciation is 25% on written down value. There is no other asset in this block. The expected salvage value is Rs.10,000. The glasses can be sold at Rs.4 each. Regardless of the level of production, the manufacturer will incur cost of Rs.25,000 each year if the project is undertaken. The overhead cost allocated to this newline would be Rs.5,000. The variable costs are estimated at Rs. 2 per glass. The manufacturer estimates it will sell about 75,000 glasses per year. The tax rate is 35%. Should the proposed equipment be purchased ? Assume 20% cost of capital and additional working capital requirement Rs. 50,000.

Register Number :

Name of the Candidate :

6636

M.B.A. (Financial Management) DEGREE EXAMINATION, 2012

(FIRST YEAR)

(PAPER - V)

150. FINANCIAL AND MANAGEMENT ACCOUNTING

December] [Time : 3 Hours

Maximum : 75 Marks

SECTION - A (5 × 3= 15)

Answer any FIVE questions.
All questions carry equal marks.

1. (a) What do you mean by managment accounting ?

(b) What is financial management ?

(c) What is capital budgeting ?

(d) What is capital rationing ?

Turn Over

(e) What is the scope of management accounting ?

(f) Explain the internal rate of return.

(g) What is money measurement concept ?

SECTION - B (3 ×10= 30)

Answer any THREE questions.
All questions carry equal marks.

2. What is cash budget ? Explain its significance.

3. What are the merits of ARR ?

4. Explain the merits of ratio analysis.

5. What do you mean by financial statement analysis ?

6. What are the merits of cash flow statement ?

SECTION - C (1 ×15= 15)

Answer any ONE question.

7. What are the accounting concepts ?

8. A project costing Rs. 10 lakhs has a life of 10 years at the end of which its scrap value is likely to be Rs. 1 lakh. The firm's cut-off rate is 12%. The project is expected to yield an annual profit after tax of Rs. 1 lakh; depreciation being charged on straight line basis. At 12% p.a. The present value of one rupee received annually for 10 years is Rs.5,650 and the value of one rupee received at the end of 10 years is 0·322.

   Ascertain the net value of the project and state whether we should go for the project.

9. From the following information, make out a statement of proprietors funds with as many details as possible :

   (a) Current ratio = 2.

   (b) Liquid ratio = 1·25.

   (c) Proprietory ratio = 0·60.

   (d) Working capital = Rs.50,000.

   (e) Reserves and surplus = Rs.25,000.

   (f) Bank O/D = Rs.10,000.

   There is no long term or fictious assets.