

ADCA / MCA (II Year)
Term-End Examination
December, 2007

**CS-54 : FINANCE & ACCOUNTING ON
 COMPUTERS**

Time : 3 hours

Maximum Marks : 75

Note : Question number 5 is **compulsory**. Attempt any **three** questions from the rest. Question 5 is of 30 marks and the remaining questions are of 15 marks each.

-
-
1. (a) Distinguish Management Accounting from Financial Accounting. 6.
- (b) Discuss 'Business Entity Concept' and 'Convention of Disclosure' under generally accepted accounting principles. 9
2. (a) What is depreciation ? Why is it charged on fixed assets ? Discuss various factors which are considered for calculating depreciation. 7
- (b) What do you understand by 'Cash Flow Statement' ? Explain its importance to management. 8

3. (a) What do you understand by cost ? Explain its different elements. 6
- (b) 'Ashok Ltd.' which has adopted standard costing furnishes the following information : 9
- Actual :
- Output 2,10,000 units
- Material used - 2,80,000 kg
- Cost of material - Rs. 2,52,000
- Standard :
- Materials for 35 units
- Finished Product = 50 kg
- Price of Materials = Re. 1 per kg
- Calculate
- (a) Material Cost Variance
- (b) Material Usage Variance
- (c) Material Price Variance
4. (a) What is meant by 'Financial Leverage' ? Give its formula and example. 6
- (b) "Budgetary Control brings planning, coordination and control." Elucidate the statement. 9

5. (a) Mehra Company Ltd. is considering the purchase of a machine. Two machines, X and Y are available, each costing Rs. 50,000. Earnings after taxation are expected to be as follows :

15

Year	Net Cash Flow	
	Machine X Rs.	Machine Y Rs.
1	15,000	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. Corresponding PV factors @ 10% are as follows :

Year	P.V. Factor
1	0.909
2	0.826
3	0.751
4	0.683
5	0.621

- (b) Write short notes on the following :

15

- (i) Determinants of Capital Structure
- (ii) Determinants of Working Capital
- (iii) Zero Base Budgeting

