

B. Tech Degree VI Semester Examination, April 2010

IT 601 FINANCIAL MANAGEMENT AND E - BANKING (2006 Scheme)

Time : 3 Hours

Maximum Marks : 100

PART - A (Answer ALL questions)

(8 x 5 = 40)

- I. (a) Explain briefly the major users of accounting information.
 (b) What are the major differences between trial balance and balance sheet? Enumerate two methods of marshalling of balance sheet.
 (c) Explain briefly the basic assumptions of Break Even Analysis.
 (d) What are the limitations of financial ratio analysis?
 (e) Explain the meaning, relevance and significance of Funds Flow Analysis.
 (f) Explain the steps involved in introducing a cost reduction programme.
 (g) "Information Technology (IT) has radically changed the way banking business is done". Comment.
 (h) Briefly describe the various issues connected with online banking.

PART - B

(4 x 15 = 60)

- II. Explain the major accounting concepts and conventions.

OR

- III. From the following Trial Balance of M/s. Excel Traders, prepare the Trading and Profit and Loss Account and Balance Sheet as on 31.03.2009.

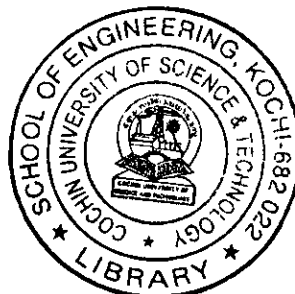
Trial Balance as on 31.03.2009

Particulars	Debit (Rs.)	Credit (Rs.)
Cash in hand	2,400	
Purchases	2,40,000	
Stock as on 01.04.2008	70,000	
Debtors	1,00,000	
Plant and Machinery	1,20,000	
Furniture	30,000	
Bills Receivable	40,000	
Rent and Taxes	20,000	
Wages	32,000	
Salaries	37,600	
Capital		2,00,000
Bills payable		44,000
Creditors		48,000
Sales		4,00,000
	6,92,000	6,92,000

Adjustments :

- (i) Closing Inventory as on 31.03.2009 is Rs. 50,000.
 (ii) Outstanding Wages is Rs. 5,000.
 (iii) Depreciation on Plant and Machinery to be provided at 10% and Furniture at 5%.

(Turn Over)



- IV. Current sales of a single product company ABC Ltd. is 20,000 units. Selling price is Rs. 6 per unit. Prime costs (viz. total of all direct costs) are Rs. 3 per unit. Variable overheads are Re. 1 per unit. Total fixed costs of the company are Rs. 30,000. Calculate (i) P/V Ratio (ii) BEP (iii) Margin of Safety (iv) Sales to earn a profit of Rs. 10,000 (v) Profit earned if sales is 25% above BEP.

OR

- V. From the following particulars extracted from the financial statements of M/s. XYZ Enterprises, compute (i) Current Ratio (ii) Liquid Ratio (iii) Inventory Turnover Ratio (iv) Debtors Turnover Ratio and (v) Creditors Turnover Ratio.

Particulars	Rs.	Particulars	Rs.
Opening Stock	47,000	Sundry Debtors	42,000
Closing Stock	53,000	Cash	10,000
Sales	2,52,000	Bank	8,000
Provision for bad debts	2,000	Bills Receivable	15,000
Sundry Creditors	32,000	Provision for Taxation	15,000
Loose Tools	4,000	Bills Payable	29,000
Purchases	1,80,000	Marketable Securities	8,000

- VI. From the figures given below, prepare a Statement of Changes in Working Capital and Funds Flow Statement :

Particulars (Assets)	31.03.2008	31.03.2009
Cash	1,30,000	40,000
Debtors	1,00,000	1,60,000
Stock	2,35,000	2,55,000
Land and Buildings	5,40,000	10,20,000
Plant and Machinery	28,04,000	35,44,000
Furniture	2,10,000	2,10,000
	40,19,000	52,29,000
Particulars (Liabilities)	31.03.2008	31.03.2009
Creditors	3,19,000	3,65,000
Provision for dividend		2,00,000
Long – term Loan		5,35,000
Equity Capital	36,00,000	40,00,000
Surplus	1,00,000	1,29,000
	40,19,000	52,29,000

OR

- VII. Differentiate Cost Control and Cost Reduction. What are the pre-requisites of an effective cost reduction programme? What do you mean by the term Value Analysis?
- VIII. Explain *any five* technology based applications (products) in modern banking industry, giving the benefits derived from such applications vis – a – vis the traditional systems.
- OR**
- IX. “Information Security is of cardinal significance in modern banking”. Comment.