

No. of Printed Pages : 3

MCS-035

MCA (Revised)**Term-End Examination****June, 2011****MCS-035 : ACCOUNTING AND FINANCIAL
MANAGEMENT***Time : 3 hours**Maximum Marks : 100**(Weightage : 75%)*

Note : Question number 1 is **Compulsory** and carries **40** marks.
Attempt **any three** questions from the rest, which carry
20 marks each.

1. The balance sheets of Bharat Machinery Ltd. as 25
on December 31, 2009 and 2010 are as follows.

Particulars	Dec. 31, 2009	Dec. 31, 2010
Assets		
Plant and Machinery	5,00,000	8,00,000
Land and Building	80,000	1,20,000
Stock	1,00,000	75,000
Sundry Debtors	1,50,000	1,60,000
Cash	20,000	20,000
	8,50,000	11,75,000
Liabilities and Capital		
Share Capital	5,00,000	7,00,000
Profit and Loss A/c	1,00,000	1,60,000
General reserve	50,000	70,000
Sundry Creditors	1,53,000	1,90,000
Bills payable	40,000	50,000
Outstanding Expenses	7,000	5,000
	8,50,000	11,75,000

Additional Information :

- (i) Depreciation of Rs. 50,000 has been charged on machinery during the year 2010.
- (ii) A piece of machinery was sold for Rs. 8,000 during the year 2010. It had cost Rs. 12,000 and depreciation of Rs. 7000 had been provided on it.

Prepare a schedule of changes in working capital and a statement showing the sources and application of funds for the year 2010.

- (b) M/s ABC Ltd. is considering setting up a new plant costing Rs. 18 lakhs. The operational and maintenance cost (excluding depreciation) are expected to be Rs. 3 lakhs. The useful life of the plant is 10 years with negligible salvage value. The rate of depreciation is 30% (written down value method). The plant will generate an income of Rs. 7 Lakhs per annum. The tax rate for the firm is 40%. 15

Calculate the net present value, internal rate of return and benefit cost ratio taking the cost of capital as 12%. The p.v. factors at 12% for year 1 to 10 are ·893, ·797, ·712, ·636, ·567, ·507, ·452, ·404, ·361 and ·322 respectively.

PV factors at 13% for year 1 to 10 are ·885 ·783 ·693, ·613, ·543, ·480, ·425, ·376, ·333, ·295 respectively.

2. Discuss the concept of working capital and explain the factors that determine the working capital needs of a firm. How is operating cycle measured ? Discuss. 20
3. Write short notes on the following : 20
- (a) Wealth maximisation
 - (b) Solvency ratios
 - (c) Periodicity concept
 - (d) Factoring services
4. Explain in detail the role and functions of treasury management. How is excess liquidity harmful to the firm ? 20
5. What are credit policy variables ? Discuss the quantitative effect of relaxing credit standards on profit. 20

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Note : Question number 1 is **Compulsory** and carries **40** marks.
Attempt **any three** questions from the rest, and remaining
questions carry **20** marks each.

1. (a) From the following balances taken from 25
Shiv Shankar and Co, prepare a Trading,
Profit and Loss account for the year ended
31st March 2011 and Balance Sheet as on
that date :

Particulars	Debit Balance (Rs.)	Credit Balance (Rs.)
Debtors and creditors	32000	10650
Stock (1st April 2010)	22000	-
Capital (1st April 2010)	-	79500
Premises	34500	-
Cash - in - Hand	35	-
Cash - in - Bank	1545	-
Discounts	1100	-
Purchases and sales	11,8,870	1,34,500
Bills payable	-	7500
Rent	900	-
Plant and Machinery	17500	-
Carriage outwards	400	-
Salaries	2225	-
Trade expenses	1075	-
	2,32,150	2,32,150

The stock on 31st March 2011 was Rs. 23,050. Rent was unpaid to the extent of Rs.110 and Rs.220 were outstanding for Trade expenses Rs. 440 are to be written off as bad debts out of the above debtors and 2% is to be provided for doubtful debts. Depreciate Plant and Machinery by 5% and business premises by 10%.

- (b) The following figures have been extracted from the books of accounts of a company, manufacturing a varied range of products :

Particulars	Total Sales (Rs)	Total Cost (Rs)
Year Ended 31st March 2010	20,00,000	18,00,000
Year Ended 31st March 2011	25,00,000	22,00,000

Assuming stability in price with variable costs carefully controlled to reflect predetermined relationships and an unvarying fixed cost, calculate :

- (i) The Profit Volume Ratio
- (ii) Fixed costs
- (iii) Fixed costs percentage to sales
- (iv) Break Even Point
- (v) Margin of safety for the year 2010 and 2011.

2. Explain why accounting practices should be standardised. What progress has been made in India regarding the standardisation of Accounting Practices ?

3. Following is the Income Statement of Learners. 20
Limited for the year ending 31st March 2011 :

INCOME STATEMENT			
Particulars	Rs.	Particulars	Rs.
To opening stock	45,750	By sales	3,00,000
To purchases	1,89,150	By closing stock	59,100
To carriage	1,200		
To wages	3,000		
To Gross Profit	1,20,000		
	3,59,100		3,59,100
To Administrative Expenses	60,600	By Gross Profit	1,20,000
To Finance Expenses :		By non operating income :	
Interest	720	Interest	900
Discount	1,440	Dividend	2,200
Bad debts	2,040		
To selling and Distribution Exps.	7,200	By profit on sale of securities	500
To non-operating Exps.	1,200		
To Net Profit	50,400		
	1,23,600		1,23,600

You are required to calculate :

- Administrative Expenses Ratio
- Finance Expenses Ratio
- Gross Profit Ratio
- Net Profit Ratio
- Operating Ratio

4. What do you understand by Cash Management ? Explain the Baumol model of Cash management. 20
5. Explain the following : 20
- (a) Sources of Funds.
 - (b) ABC Analysis
 - (c) Sources of working capital
 - (d) Factoring
 - (e) Credit Evaluation.



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*Note : Question No. 1 is Compulsory and carries 40 marks.
Attempt any three questions from the rest which carry
20 marks each.*

1. (a) From the following particulars with respect to a particular item of a manufacturing company, calculate the best quantity to order :

Ordering Quantities (In Tons)	Price Per Ton Rs.	Foregone Discount per Ton (Rs.)
Less than 250	6.00	0.40
250 and Less than 800	5.70	0.30
800 and Less than 2000	5.80	0.20
2000 and Less than 4000	5.70	0.10
4000 and above	5.60	-

The annual requirement for material is 4000 tons. Holding costs are 20% of average cost per annum. The cost per order is Rs. 6.00.

- (b) In order to increase the sales from the present annual sales of Rs. 240000 Gattu Chemicals Limited is considering a more liberal credit policy. At present the average collection period of credit sales of the firm is 30 days. It is expected that (a) if collection period is lengthened by 15 days, sales will increase by Rs. 10,000 and (b) if collection period is lengthened by 30 days, sales will increase by Rs. 15000. The finance manager has estimated that with 15 days increase, bad debts losses will be 3% and with 30 days increase, bad debts losses will be 6%. The present bad debts loss is 1%. The firm has the following cost pattern at present and same will be the pattern in the coming year.
- Price per unit Re 1.00
Variable cost per unit Re 0.60
Average cost per unit Re 0.80
Required Rate of Return (opportunity cost) 20%
Working days in a year 360
- Which of the credit policy should be recommended ?

2. What do you understand by 'Financial Management' ? What is the relationship of finance function to production and marketing functions ?

3. Explain in detail, the features of an appropriate Capital Structure. Also explain the various factors which determine and influence the Capital Structure of a firm. 20
4. (a) A company purchased a machine for Rs. 10,000 on 1st January 2009, which is expected to last for three years. It will have an estimated residual (scrap) value to the tune of Rs. 1250. You are required to show machine Account for all three years, providing depreciation on Fixed Instalment Method. 10
- (b) A company had Current Assets of Rs. 3,00,000 and current Liabilities of Rs. 1,40,000. Afterwards it purchased goods for Rs. 20,000 on credit. Calculate the Current Ratio after the purchase. 10

5. Write short notes on : 20
- (a) Time value of money
 - (b) Need for Holding the cash
 - (c) Uses of Funds
 - (d) Objectives of Inventory Management.

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MCA (Revised)

Term-End Examination

December, 2012

**MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage : 75%)

Note : *Question No. 1 is **Compulsory** and carries **40** marks.
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20 marks each.*

1. (a) From the following Trial Balance, prepare the Trading Account, Profit and Loss Account for the year ended March 31, 2009 and the Balance Sheet as on that date : 25

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Debit Balance	Rs.	Credit Balance	Rs.
Purchases	3,00,000	Sales	4,79,760
Drawings	3,500	Purchases Returns	12,200
Plant and Machinery	1,23,000	Capital	5,90,000
Motor Vehicles	1,76,000	Creditors	11,870
Building	3,80,000	Bank Loan	33,700
Sundry Debtors	80,000		
Stock in Trade (01.04.2008)	8,400		
Sales Returns	1,800		
Wages	2,800		
Carriage Inwards	890		
Carriage Outwards	300		
Telephone Charges	3,290		
Salaries	12,000		
Insurance and Taxes	31,200		
Printing and Stationary Expenses	1,350		
Cash in Hand	3,000		
	11,27,530		11,27,530

The following adjustments are to be considered :

- (i) Closing Stock Rs. 15,270.
- (ii) Printing and Stationary expenses due Rs. 58,650.
- (iii) Outstanding liabilities for salaries Rs. 12,000.
- (iv) Depreciation @ 10% p.a. is to be provided on all fixed assets except building.
- (v) Bad debts during the year were Rs. 1,000. Make provision for doubtful debts on the debtors 5%.

- (b) A Company is to invest Rs. 10,00,000/- to start a business. The following options are available: Suggest which project be selected by the Company with the help of Pay back period and NPV. 15

Project	A	B	C	D
Cash Inflows				
Year				
1	200000	600000	0	500000
2	300000	500000	0	300000
3	400000	400000	0	400000
4	500000	300000	0	600000
5	600000	200000	2000000	200000

If the cost of financing is 10% the present value of Rs.1/- is as follows :

Year	1	2	3	4	5
PV at 10%	0.909	0.826	0.751	0.683	0.621

2. What is the ultimate objective of Financial Management ? How far is it different from Profit Maximization objective ? 20
3. "Merely increasing the working capital of the firm does not necessarily reduce the riskiness of the firm, rather the composition of current assets is equally important." Comment. 20
4. What are the cost benefit associated with a change in credit policy ? 20

5. Explain the followings : 20
- (a) Functions of Accounting.
 - (b) Discusss the duties of Finance Manager.
 - (c) What are the objectives of Cash Management?
 - (d) Business entity concept of accounting.
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MCA (Revised)

Term-End Examination

June, 2013

**MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage : 75%)

Note : *Question No. 1 is Compulsory and carries 40 marks.
Attempt **any three** questions from the rest which carry
20 marks each.*

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1. (a) From the following Trial Balance of 25
M/s Arjun and Sons as on 31st December, 2007,
prepare the Trading and profit and Loss
Account and the Balance Sheet.

Particulars	Debit Balance (Rs.)	Credit Balance (Rs.)
Drawings and Capital	18,000	80,000
Purchases and Sales	82,600	1,55,000
Stock (01.01.2007)	42,000	---
Return Outwards	---	1,600
Carriage Inwards	1,200	---
Wages	4,000	---
Power	6,000	---
Machinery	50,000	---
Furniture	14,000	---
Rent	22,000	---
Salary	15,000	---
Insurance	3,600	---
8% Bank Loan	---	25,000
Debtors	20,600	---
Creditors	---	18,900
Cash in Hand	1,500	---
	2,80,500	2,80,500

Adjustments :

- (i) Closing Stock Rs. 64, 000.
- (ii) Wages Outstanding Rs. 2,400.
- (iii) Bad Debts Rs. 600 and Provision for Bad and Doubtful Debts to 5% on debtors.
- (iv) Rent is paid for 11 months.
- (v) Loan from bank was taken on 1st July, 2007.
- (vi) Provide Depreciation on Machinery @10% p.a..

(vii) Provide Manager's Commission at 10% on net profit after charging such commission.

- (b) Calculate the 'Payback Period' and 'Net Present Value' for a project which requires an initial outlays of Rs. 10,000 and generates year ending incomes before depreciation and tax of Rs. 6,000, Rs. 3,000, Rs. 2,000, Rs. 5,000 and Rs. 5,000 from the end of the first year to the end of fifth year. The required rate of return is 10% and pays tax 50%. This project has a life of 5 years and depreciated on Straight Line basis. 15

NPV at 10%	1	2	3	4	5
	.909	.826	.751	.683	.621

2. Discuss the NPV and IRR methods of project evaluation which one is superior and why? 20

3. What do you mean by working capital management? What are the elements of working capital management? 20

4. What is the need of holding inventory? Why Inventory Management is important? 20

5. Explain the followings :

20

- (a) Relevance of accounting standards.
- (b) Difference between cash flow statement and fund flow statement.
- (c) What are the factors affecting the cash needs of a firm.
- (d) Going concern concept of accounting.



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Note : Question No. 1 is **Compulsory** and carries **40** marks.
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questions carry **20** marks each.

1. (a) Enter the following transactions of a merchant in the journal :

2012

₹

Jan. (i)	Started business by investing cash	70,0000
(ii)	Purchased Furniture for cash	20,0000
(iii)	Purchased goods for cash	30,000
(iv)	Purchased goods from Ajit Sen on credit	10,000
(v)	Sold goods for cash	20,000
(vi)	Sold goods on credit to Satyajeeet	16,000
(vii)	Paid freight	3,000
(viii)	Donated for charity	1,000
(ix)	Salary paid	12,000
(x)	Deposited cash into Bank	16,000

- (b) M/s Jahnvi and company present you the following : 20

Balance - Sheet As at 31-12-2011

	₹		₹
Equity share capital	2,00,000	Fixed Assets	3,50,000
10% pref. share capital	40,000	Investments	1,00,000
Reserve fund	1,60,000	Stock	1,20,000
9% Debentures	80,000	Debtors	54,000
Creditors	1,20,000	Bank Balance	28,000
P and L A/C		Preliminary Exps.	32,000
2010	4,000		
2011	80,000		
	<u>84,000</u>		<u>6,84,000</u>
			<u>6,84,000</u>

The directors intend to transfer a sum of ₹ 20,000 out of the current year profits to provision for taxation. You are required to calculate the following :

- (i) Current Ratio
- (ii) Ratio of Fixed Assets to Networth
- (iii) Ratio of Debt to Equity Capital
- (iv) Productivity of Owners' Equity
- (v) Productivity of Assets Employed

2. What is cash flow statement ? State the classification of cash flows as per AS – 3 (Revised). Mention the uses of cash flow statement. 20

3. ABC company has got upto ₹ 20,000 to invest. The following proposals are under consideration : $4 \times 5 = 20$

Project	Initial out lay	Annual cash flow	Life years
	₹	₹	
(A)	10,000	2500	5
(B)	8000	2600	7
(C)	4000	1000	15
(D)	6000	2400	6
(E)	2000	1000	2

Rank these projects in order of their desirability under the pay back period method.

4. What is meant cash management ? Discuss the significance of cash management. Explain the uses of cash budget as a tool of cash management. 20

5. Explain **any four** of the following : $4 \times 5 = 20$

- Convention of Consistency
- Concept of 'Working Capital'
- Liberal Credit Policy
- Cost Concept
- Inventory Turn Over Ratio
- Accounting Rate of Return

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MANAGEMENT**

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Note : Question No. 1 is **compulsory** and carries **40** marks.
Attempt **any three** questions from the rest and remaining
questions carry **20** marks each.

1. (a) Enter the following transactions of a merchant
in the journal :

April 2012		₹
1	Started business by investing cash	1,00,000
2	Loan from District Co-operative Bank	60,000
3	Purchased Computer	40,000
4	Purchased goods for Cash	30,000
5	Freight paid	400
6	Donated for charity	1,000
7	Paid salary	20,000
8	Sold goods for cash	10,000
9	Sold goods on credit to Kopal	20,000
10	Withdraw from Bank for Personal use	2,000

20

- (b) From the following particulars compute Earnings Yield Ratio, Dividends Yield Ratio, Earnings Per Share, Price Earnings Ratio, Dividend Pay - out Ratio and Book Value Per Share : 20

	₹
Profit After Tax	2,70,000
Tax Rate	60%
Depreciation	60,000
Market Price of Equity Share	40
Equity Share Dividend	20%
9% 30,000 Preference Shares	3,00,000
80,000 Equity Shares of Rs. 10/- each	8,00,000

2. What is a funds flow statement ? Explain its importance to the management and discuss in detail the procedure of funds flow analysis. 20
3. What is meant by Maximum Level, Minimum Level and Ordering Level of stores and materials ? What factors are taken into account in fixing these levels ? 20
4. Doon Tools company is currently selling a product for ₹ 10 per unit. Credit sales for the last year were 60,000 units. The variable cost per unit is ₹ 6 and the average cost per unit at 60,000 units is ₹ 8. The company is willing to relax its credit period from 30 days to 45 days. It is expected to result in a 5% increase in unit sales to 63,000 units and an increase in bad debt expenses from the current level of 1% sales to 2%. The opportunity cost of tying up funds in accounts receivable is 15%. Assume 360 days in a year. 20

Determine whether company should implement the proposed relaxation in its Credit Policy.

5. Explain **any four** of the following : **4x5=20**
- (a) Concept of Management Accounting
 - (b) Periodicity concept
 - (c) Types of Accounts
 - (d) Convention of full disclosure
 - (e) Motives for holding cash.
 - (f) Credit evaluation of customers.
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MCS-035

09004

MCA (Revised)
Term-End Examination
December, 2014

**MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT**

*Time : 3 hours**Maximum Marks : 100**(Weightage 75%)*

Note : *Question number 1 is **compulsory** and carries 40 marks. Answer any **three** questions from the rest, which carry 20 marks each.*

1. (a) The following are the details of M/s Cloud and Wind as on 31st March, 2010. You are required to prepare Profit & Loss Account for the year ended 31st March, 2010 and Balance Sheet as on that date making the necessary adjustments.

30

Particulars	Amount	Particulars	Amount
Cash at bank	4,000	Sales	1,90,000
Furniture	6,000	Creditors	21,200
Opening stock	40,000	Capital	64,500
Purchases	1,55,000		
Direct expenses	5,000		
Debtors	25,000		
Indirect expenses	25,200		
Cost of advertisement	15,000		
Salesman's Commission paid	500		
Total :	2,75,700	Total :	2,75,700

Adjustments :

- (i) Closing stock as on 31.03.2010 was ₹ 25,000.
- (ii) Create 5% provision for bad and doubtful debts.
- (iii) Purchase includes chairs purchased @ ₹ 200 per chair. Out of the chairs purchased for resale, 10 chairs were taken by the proprietor for domestic use, 20 chairs were distributed as free samples, 25 chairs were donated to old age home and 5 chairs were used for business purpose. No entry was passed in the books to record these transactions.
- (iv) A sofa set purchased for office use at a cost of ₹ 18,000 was recorded as purchases.
- (v) Salesman was entitled to a commission @ 10% of net profit after charging such commission.
- (vi) Treat advertisement cost as deferred revenue expenditure and write it off over a period of three years.
- (vii) Goods of the value of ₹ 2,000 were stolen from the store room and an insurance claim of ₹ 1,200 was admitted by the insurance company.

- (b) Zenith Industries have two projects under consideration : two projects 'X' and 'Y' each costing ₹ 120 lakhs. The projects are mutually exclusive and the company is considering the question of selecting one of the two. The cash flows have been worked out for both the projects and the details are given below. 'X' has a life of 8 years and 'Y' has a life of 6 years. Both have zero salvage value at the end of their operational lives. The company is already making profits and its tax rate is 50%. The cost of capital of the company is 15%.

Net Cash flows :

(₹ in lakhs)

Year	Project X	Project Y	P.V. @ 15%
1	25	40	0.870
2	35	60	0.756
3	45	80	0.685
4	65	50	0.572
5	65	30	0.497
6	55	20	0.432
7	35	—	0.376
8	15	—	0.327

The company follows straight line method of depreciating assets. Advise the company regarding the selection of the project.

10

- 2. Write short notes on the following :** **5+5+5+5=20**
- (a) Return on Capital Employed (RoCE) and Earnings per Share (EPS)
 - (b) Money Measurement concept
 - (c) Cost concept
 - (d) The concept of Conservatism
- 3. Discuss the concept of working capital and explain the 'Net Current Assets forecasting method' of estimating working capital requirement.** **20**
- 4. What is cash management ? Discuss the Baumol's Model used for determining optimum cash balance.** **20**
- 5. What do you understand by Receivables Management ? Explain the process of credit evaluation.** **20**

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No. of Printed Pages : 4

MCS-035

02253

MCA (Revised)
Term-End Examination
June, 2015

**MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT**

*Time : 3 hours**Maximum Marks : 100**(Weightage 75%)*

Note : Question number 1 is **compulsory** and carries 40 marks. Answer any **three** questions from the rest, which carry 20 marks each.

1. (a) Following is the trial balance as on 31.03.2010 extracted from the books of Mr. Naresh, who carries on the business under the name and style of M/s Naresh & Co.

<i>Particulars</i>	<i>Amount</i> ₹	<i>Particulars</i>	<i>Amount</i> ₹
Building repair expense	3,600	Capital	1,50,000
Bad debts	2,000	Sundry creditors	43,000
Office expenses	7,000	Reserve for doubtful debts	3,000
Insurance premium	5,500	12% loan (01.05.2009)	30,000
Cash at bank as per cash book	4,200	Sales	2,25,800
Cash	1,400		
Opening stock	62,000		

Debtors	86,000		
Furniture	57,400		
Building	60,000		
Purchases	1,37,400		
Interest on loan	2,700		
Salaries	18,600		
Discount	2,800		
Carriage inward	1,200		
Total	4,51,800	Total	4,51,800

Prepare the final accounts after making the following adjustments :

- (i) Closing stock as on 31.03.2010 amounted to ₹ 40,000.
- (ii) Bank balance as per pass book amounted to ₹ 2,600, difference being on account of bank charges of ₹ 1,600 debited to customer's account by bank.
- (iii) Depreciate building by 10%. As one-third of the building was used for residential purpose, treat one-third of the depreciation and the building repair expenses as drawings.
- (iv) Depreciate furniture @ 10%. 10 steel chairs purchased on 01-04-2009 @ ₹ 200 per chair were wrongly debited to purchases.
- (v) Provision for bad and doubtful debts to be maintained at 5%.

- (vi) Annual insurance premium was paid on 01.07.2009 and included ₹ 3,000 for life insurance premium.
- (b) XYZ Ltd. is considering purchase of a machine in replacement of an old one. Two models viz. 'MOLIN' and 'SKODA' are offered at a price of ₹ 22.50 lakhs and ₹ 30.00 lakhs respectively. Further particulars regarding these models are given below :

(Amount in ₹ lakhs)

Particulars	Molin	Skoda
Economic life (years)	5	6
Scrap value at the end of the economic life	2	2.50
After tax annual cash inflows		
Years		
1	5.00	6.00
2	7.50	8.00
3	10.00	10.00
4	9.00	12.00
5	8.50	10.50
6	—	9.50

Present value factors at 12% per annum are as follows :

Year	1	2	3	4	5	6
P.V. factors	0.893	0.797	0.712	0.636	0.567	0.507

Evaluate the two proposals under net present value method.

30+10=40

2. Write short notes on the following : 5+5+5+5=20
- (a) Liquidity Ratios (Short-term solvency ratios)
 - (b) Business Entity Concept
 - (c) Matching Concept
 - (d) Accrual Concept
3. Discuss the concept of working capital and explain the 'Operating Cycle Method' of estimating working capital requirement. 20
4. Discuss the benefits and costs associated with the extension of credit. How should they be combined to obtain an appropriate credit policy ? 20
5. What are the objectives of inventory management ? Describe any two methods of inventory management under modern techniques. 20

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No. of Printed Pages : 4

MCS-035

MCA (Revised)
Term-End Examination
December, 2015

**MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage 75%)

Note : Question no. 1 is **compulsory** and carries 40 marks. Answer any **three** questions from the rest, which carry 20 marks each.

1. (a) The expenses budgeted for production of 10,000 units in a factory are furnished below :

	Per unit cost ₹
Material	70
Labour	25
Fixed overhead (₹ 1,00,000)	10
Variable overhead	20
Variable expenses (Direct)	05
Selling expenses (10% Fixed)	13
Distribution expenses (20% Fixed)	07
Administration expenses (₹ 50,000)	05
Total Cost Per Unit (to make & sell)	155

Due to the low demand of the product, the company has decided to reduce its production from 10,000 units. Prepare the budget for production at the following levels of output :

- (i) 10,000 units
- (ii) 8,000 units
- (iii) 6,000 units

It may be assumed that the administration expenses are rigid for all levels of production.

20

- (b) The following is the Balance Sheet of M/S ABC Ltd.

Liabilities	31-03-2011 ₹	31-03-2012 ₹
Equity Share Capital	4,80,000	7,20,000
13.5% Redeemable Preference Share Capital	2,40,000	1,20,000
General Reserve	48,000	72,000
Profit & Loss Account	43,200	64,800
Bills Payable	14,000	27,200
Sundry Creditors	70,000	1,00,000
Salary Outstanding	19,200	14,400
Provision for Taxation	67,200	76,800
Proposed Dividend	67,200	93,600
Total	10,48,800	12,88,800

Assets	31-03-2011 ₹	31-03-2012 ₹
Building	2,40,000	1,20,000
Machinery	2,16,000	4,58,400
Fixed Deposit with Bank (Maturity 30-06-2012)	1,32,000	1,70,400
Stock Closing	2,04,000	1,87,200
Debtors	1,80,000	2,59,200
Cash	10,200	17,200
Cash at Bank	30,600	50,000
Preliminary Expenses	24,000	16,800
Discount on Issue of Shares	12,000	9,600
Total	10,48,800	12,88,800

You are required to prepare :

- (i) Schedule of changes in working capital
- (ii) Funds flow statement
- (iii) Funds from operations

20

2. What do you mean by Accounting ? Discuss its functions. Also state the role of an Accountant. 20

3. What is meant by Inventory Management ? State the reasons for holding inventory. Briefly discuss the techniques of inventory control. 20

4. (a) What are the accounting concepts ? Explain any two of them with examples. 10

(b) Two components 'A' & 'B' are used as follows : 10

Normal usage 50 units per week each

Minimum usage 25 units per week each

Maximum usage 75 units per week each

Re-order quantity A : 300 units

B : 500 units

Re-order period A : 4 to 6 weeks

B : 2 to 4 weeks

Calculate the following for each component :

(i) Re-order level

(ii) Minimum level

(iii) Maximum level

(iv) Average stock

5. Write short notes on the following : 4×5=20

(a) Profit maximization and Wealth maximization

(b) Sources of working capital

(c) Solvency ratios and Liquidity ratios

(d) Contingent liabilities and Estimated liabilities

No. of Printed Pages : 5

MCS-035

02926

MCA (Revised)
Term-End Examination
June, 2016

MCS-035 : ACCOUNTANCY AND FINANCIAL MANAGEMENT*Time : 3 hours**Maximum Marks : 100**(Weightage : 75%)*

Note : *Question no. 1 is compulsory and carries 40 marks. Answer any three questions from the rest, which carry 20 marks each.*

1. (a) From the following Balance Sheet of M/S Amit Enterprises, you are required to prepare : 20
- (i) Schedule of changes in working capital
 - (ii) Funds flow statement
 - (iii) Funds from operations

Balance Sheet

Assets	31-03-2011 ₹	31-03-2012 ₹
Goodwill	30,000	25,000
Plant and Machinery	75,000	1,10,000
Debtors	45,000	50,000
Bills Receivable	17,500	2,500
Stock	37,500	40,000
Cash	12,500	17,500
Underwriting Commission	20,000	15,000
Total	2,37,500	2,60,000

Liabilities	31-03-2011 ₹	31-03-2012 ₹
Equity Share Capital	1,00,000	1,25,000
12% Redeemable Preference Share Capital	50,000	40,000
General Reserve	15,000	17,500
Profit and Loss Account	32,500	37,500
Bills Payable	10,000	5,000
Creditors	30,000	35,000
Total	2,37,500	2,60,000

Additional information :

- (1) Depreciation of ₹ 5,000 has been charged on Plant and Machinery.
- (2) Machinery amounting to ₹ 50,000 was sold for ₹ 49,400.

- (b) M/s Ayush Pratyush Enterprises has an investment opportunity costing ₹ 30,000 with the following expected net cash flow (i.e., after tax and before depreciation) :

Year	Net cash flow ₹	Discounted factor	
		10% PV	15% PV
1	4,000	0.909	0.870
2	4,000	0.826	0.756
3	4,000	0.751	0.658
4	4,000	0.683	0.572
5	4,000	0.621	0.497
6	7,000	0.564	0.432
7	9,000	0.513	0.376
8	12,000	0.467	0.327
9	9,000	0.424	0.284
10	2,000	0.386	0.247

Using 10% as the cost of capital (rate of discount) determine the following :

20

- Payback period
- Net Present Value at 10% discounting factor
- Profitability index at 10% discounting factor
- Internal Rate of Return (IRR) with the help of 10% discounting factor and 15% discounting factor

2. "Ratio analysis is widely used as a tool of financial analysis, yet it suffers from various limitations." Explain. 20

3. What is meant by Accounting Equation ? Explain it by giving at least five suitable illustrations. 20

4. (a) You are required to calculate 'Return on Capital Employed' (ROCE) from the following : 10

	₹
Net Profit after Tax	2,00,000
Rate of Income Tax	50%
4,000 10% Convertible Debentures of ₹ 100 each	4,00,000
Current Assets	4,30,000
Current Liabilities	2,30,000
Fixed Assets (at cost)	9,70,000
Depreciation upto date	1,70,000

(b) Give a format of Profit and Loss A/c and Balance Sheet with imaginary figures. 10

5. Write short notes on any **four** of the following : **4×5=20**

- (a) Contingent Liabilities and Estimated Liabilities
- (b) Economic Profit and Accounting Profit
- (c) IRR and ARR
- (d) VED Analysis
- (e) Accounting Equation
- (f) Money Measurement Concept



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No. of Printed Pages : 4

MCS-035

01505

MCA (Revised)
Term-End Examination
December, 2016

MCS-035 : ACCOUNTANCY AND FINANCIAL MANAGEMENT*Time : 3 hours**Maximum Marks : 100**(Weightage : 75%)*

Note : Question no. 1 is **compulsory** and carries 40 marks. Answer any **three** questions from the rest, which carry 20 marks each.

1. (a) From the following Trial Balance of Sh. Prem Sagar, prepare Trading and Profit & Loss Account for the year ended 31st December, 2013 and a Balance Sheet as on that date :

25

Dr. Balance	₹	Cr. Balance	₹
Opening Stock	20,000	Sales	2,70,000
Purchases	80,000	Purchases Return	4,000
Sales Return	3,600	Discount	5,200
Carriage Inward	6,000	Sundry Creditors	25,000
Carriage Outward	800	Bills Payable	1,800
Wages	42,000	Capital	75,000
Salaries	27,500		

Plant and Machinery	90,000		
Furniture	8,000		
Sundry Debtors	52,000		
Bills Receivable	2,500		
Cash-in-hand	6,300		
Travelling Expenses	3,700		
Rent and Taxes	8,600		
General Expenses	10,500		
Insurance	1,500		
Drawings	18,000		
	3,81,000		3,81,000

Adjustments :

- (i) Stock on 31st December was valued at ₹ 24,000.
- (ii) Wages outstanding amounted to ₹ 3,000.
- (iii) Salaries outstanding amounted to ₹ 2,500.
- (iv) Prepaid insurance amounted to ₹ 300.
- (v) Provide depreciation on plant and machinery @ 5% p.a. and on furniture @ 20% p.a.

- (b) From the following particulars calculate the Capital Gearing Ratio : 15

	₹
Equity Share Capital	1,00,000
7% Preference Share Capital	60,000
8% Redeemable Preference Share Capital	40,000
6% Debentures	1,00,000
General Reserve	50,000

2. (a) Explain the (i) Entity Concept and (ii) Going Concern Concept with the help of suitable examples.

- (b) What do you mean by Accounting Standards ? Describe the importance of Accounting Standards. 10+10

3. What is Cash Flow Statement ? What are its objectives ? Explain the important sources and applications of cash. 20

4. What is Capital Budgeting ? Critically examine any three methods of evaluation of capital budgeting. 20

5. Explain any *two* of the following : **10+10**

- (a) Factors Determining Working Capital
- (b) Time Value of Money
- (c) Motives for Holding Cash
- (d) Economic Order Quantity



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No. of Printed Pages : 4

MCS-035

MCA (Revised)
Term-End Examination

06251

June, 2017

**MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT**

*Time : 3 hours**Maximum Marks : 100**(Weightage : 75%)*

Note : Question no. 1 is compulsory and carries 40 marks. Attempt any **three** questions from the rest, which carry 20 marks each.

1. (a) From the following Trial Balance of Shri Ramlal, prepare Trading and Profit & Loss Account for the year ended 31st December, 2013 and Balance Sheet as on that date :

25

Particulars	Dr (₹)	Cr (₹)
Purchases and Sales	2,75,000	5,20,000
Sales Returns	15,000	—
Purchases Returns	—	9,000
Carriage	12,400	—
Wages and Salaries	58,600	—
Trade Expenses	2,200	—

Rent Received	—	13,000
Insurance	2,000	
Audit Fees	1,200	
Debtors and Creditors	1,10,000	62,100
B/R and B/P	3,300	2,200
Printing and Advt.	5,500	—
Commission Received	—	1,000
Opening Stock	36,000	—
Cash-in-Hand	12,800	—
Cash at Bank	26,800	—
Bank Loan	—	20,000
Interest on Loan	1,500	—
Capital	—	2,50,000
Drawings	15,000	—
Fixed Assets	3,00,000	—
	8,77,300	8,77,300

Adjustments :

- (i) Stock at the end ₹ 60,000.
- (ii) Depreciate Fixed Assets by 10% p.a.
- (iii) Commission earned but not received amounts to ₹ 400.
- (iv) Rent received in advance, ₹ 1,000.

- (b) A trader purchases goods both in cash as well as on credit basis. Credit is granted by suppliers for 120 days. The following particulars are obtained from his books :

	₹
Total Purchases	3,00,000
Cash Purchases	30,000
Purchase Returns	51,000
Creditors at the end	1,05,000
Bills Payable at the end	60,000
Reserve for Discount on Creditors	8,000

Calculate Creditors Turnover Ratio and Average Payment Period.

15

2. (a) What are Personal, Real and Nominal Accounts ? What are the rules for journalising these accounts ?
- (b) What is a Trial Balance ? Explain the errors that are not disclosed by a Trial Balance even if both its sides agree to each other.

10+10

3. (a) Differentiate between Funds Flow Statement and Cash Flow Statement.
- (b) Give a specimen of Cash Flow Statement as per AS-3 (Revised). 10+10
4. (a) What is meant by working capital ? Explain the determinants of working capital.
- (b) Explain the consequences of shortage and excess of working capital. 10+10
5. Explain any *two* of the following : 10+10
- (a) Consistency Concept
- (b) Commercial Paper
- (c) Cash Budget
- (d) Factoring
-

No. of Printed Pages : 5

MCS-035**MCA (Revised)****Term-End Examination****05760****December, 2017****MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT***Time : 3 hours**Maximum Marks : 100**(Weightage : 75%)*

Note : Question no. 1 is compulsory and carries 40 marks. Attempt any **three** questions from the remaining questions which carry 20 marks each.

1. (a) From the following Trial Balance of M/s Mitra & Co., prepare Trading and Profit and Loss Account and Balance Sheet for the year ending 31st March, 2014 : 20

Particulars	Dr (₹)	Cr (₹)
Capital		10,000
Plant and Machinery	4,000	
Debtors	2,400	
Creditors		1,200
Drawings	1,000	
Purchases	10,500	

Wages	5,000	
Bank	1,000	
Repairs	50	
Stock (Opening)	2,000	
Return Outward		500
Rent	400	
Sales		16,400
Manufacturing Expenses	800	
Trade Expenses	700	
Bad Debts	200	
Carriage	150	
Bills Payable		500
Return Inward	400	
Total	28,600	28,600

The closing stock was valued at ₹ 1,450. Provide for deprecation on plant and machinery ₹ 400 and allow 5% interest on capital, ₹ 50 is due for repairs.

(b) The following is the Balance Sheet of
M/s Kakar & Co. as at 31st March, 2013 :

Liabilities	₹	Assets	₹
Creditors	60,000	Cash at Bank	50,000
Bills Payable	1,00,000	Short-term Investment	1,50,000
Tax Provision	1,30,000	Debtors	2,00,000
Outstanding Expenses	10,000	Stock	3,00,000
6% Debentures	7,00,000	Fixed Assets Less Depreciation	13,00,000
8% Preference Shares	1,00,000		
Equity Shares	5,00,000		
General Reserve	4,00,000		
Total	20,00,000	Total	20,00,000

Management of the company has also provided
other information which is as follows :

₹

Opening Stock	4,00,000
Net Sales	30,00,000
Cost of Goods Sold	25,80,000
Net Income Before Tax	2,00,000
Net Income After Tax	1,00,000

You are required to calculate the following : 20

- (i) Liquidity Ratio
- (ii) Current Ratio
- (iii) Net Profit Ratio
- (iv) Debt Equity Ratio

2. What is the concept of Working Capital ? Briefly explain the factors that determine the working capital needs of a firm. 5+15

3. Two components, A and B, are used as follows :

Normal usage 50 units per week each

Minimum usage 25 units per week each

Maximum usage 75 units per week each

Re-order quantity A : 300 units

B : 500 units

Re-order period A : 4 to 6 weeks

B : 2 to 4 weeks

You are required to calculate the following : 20

- (a) Re-order Level
- (b) Minimum Level
- (c) Maximum Level
- (d) Average Stock Level

4. What do you mean by Net Present Value (NPV) method and Internal Rate of Return (IRR) method of capital budgeting ? Differentiate between them. 5+5+10

5. Explain any *four* of the following : 4×5=20

- (a) Business Entity Concept
- (b) Contingent Liabilities
- (c) Trial Balance
- (d) Objectives of Financial Management
- (e) Cash Flow Statement
- (f) Letter of Credit

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No. of Printed Pages : 2

MCS-035

MCA (Revised)

Term-End Examination

June, 2018

05355

**MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT**

Time : 3 hours

*Maximum Marks : 100
(Weightage : 75%)*

Note : Question no. 1 is **compulsory** and carries 40 marks. Attempt any **three** questions from the remaining questions which carry 20 marks each.

1. (a) Define Financial Management. Explain its functions and scope. 20
- (b) What is Capital Budgeting ? Explain its importance from the point of view of an industrial concern. 20
2. What do you mean by Financial Accounting and Management Accounting ? Distinguish between Management Accounting and Financial Accounting. 5+5+10

3. Calculate (a) Current Ratio, (b) Liquidity Ratio, (c) Debt-Equity Ratio, and (d) Proprietary Ratio from the following Balance Sheet : $4 \times 5 = 20$

Balance Sheet

Liabilities	₹	Assets	₹
Paid up Capital	1,00,000	Fixed Assets (Less : Dep.)	2,19,810
Reserves and Surplus	84,500	Stock	49,460
Debentures	1,00,000	Debtors	11,710
Bills Payable	6,500	Cash at Bank	26,020
Creditors	16,000		
Total	3,07,000	Total	3,07,000

4. Explain the concept of Working Capital. What are the constituents of working capital of a company ? State the difference between Fixed and Variable working capitals. 20

5. Explain any *four* of the following : $4 \times 5 = 20$

- Human Resource Accounting
- Estimated and Contingent Liabilities
- Profitability Ratios
- Accounting Rate of Return (ARR)
- Commercial Papers (CP)
- Economic Order Quantity (EOQ)

No. of Printed Pages : 3

MCS-035

MCA (Revised)
Term-End Examination
December, 2018

02663

**MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage : 75%)

Note : Question no. 1 is compulsory and carries 40 marks. Attempt any **three** questions from the remaining questions which carry 20 marks each.

1. (a) The following are the comparative balance sheets of XYZ Ltd. as on 31st December, 2012 and 2013 :

Balance Sheet

Liabilities	Year (2012) ₹	Year (2013) ₹	Assets	Year (2012) ₹	Year (2013) ₹
Share Capital	3,50,000	3,70,000	Land	1,00,000	1,50,000
Profit/Loss A/c	50,400	52,800	Stocks	2,46,000	2,13,500
9% Debentures	60,000	30,000	Goodwill	50,000	25,000
Creditors	51,600	59,200	Cash	42,000	35,000
			Bank	3,000	4,000
			Debtors	71,000	84,500
	5,12,000	5,12,000		5,12,000	5,12,000

Other information is :

- (i) Dividend declared and paid during the year ₹ 17,500.
- (ii) Land was revalued at ₹ 1,50,000 and the profit on revaluation was transferred to Profit/Loss A/c.

Prepare Cash Flow Statement for the period ended 31st December, 2013.

20

- (b) What is Financial Management ? What major decisions are required to be taken in Finance ? Explain.

20

2. From the following information, calculate Debtor turnover ratio, Average collection period, Creditor turnover ratio and Average payment period :

20

Total purchases	₹ 4,00,000
Cash purchases	50,000
Purchases returns	20,000
Creditors at the end	60,000
Bills payable at the end	20,000
Debtors at the end	50,000
Bills receivable at the end	30,000
Credit sales	4,50,000
Sales returns	30,000
Reserve for discount on Debtors	5,000
Reserve for discount on Creditors	5,000
Take 365 days in a year.	

3. (a) Define Accounting. Explain its functions. 10
- (b) What is working capital ? Discuss the factors affecting working capital. 10
4. What do you mean by Accounting Standards ? Explain their objectives. Give a brief description of Accounting Standard-3. 20
5. Explain any **four** of the following : $4 \times 5 = 20$
- (a) Trial Balance
 - (b) Profitability Ratios
 - (c) Accounting Rate of Return (ARR)
 - (d) Inventory Control Ratios
 - (e) Economic Order Quantity (EOQ)

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No. of Printed Pages : 3

MCS-035

M. C. A. (Revised)

Term-End Examination

June, 2019

**MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT**

Time : 3 Hours

Maximum Marks : 100

*Note : Question No. 1 is compulsory and carries
40 marks. Attempt any three questions from
the rest and each question carries 20 marks.*

1. (a) Calculate the following ratios from the
details given below : 20

(i) Current Ratio

(ii) Liquid Ratio

(iii) Operating Ratio

(iv) Gross Profit Ratio

(v) Stock Turnover Ratio

Details : Current Assets ₹ 70,000, Sales
₹ 1,40,000, Net Working Capital ₹ 30,000,
Average Stock ₹ 30,000, Cost of Goods Sold
₹ 68,000 and Operating Expenses ₹ 10,000.

(A-29) P. T. O.

[2]

MCS-035

- (b) What are the different types of errors ? Describe the errors which are not disclosed by a Trial Balance. 20
2. (a) What is working capital ? Explain various factors influencing working capital. 10
- (b) Briefly explain any *two* techniques used for inventory management. 10
3. (a) What is meant by receivables management ? Briefly discuss the factors influencing the size of receivables. 10
- (b) Briefly explain the merits and demerits of NPV method of capital budgeting. 10
4. (a) Journalise the following transactions : 12

April
2014

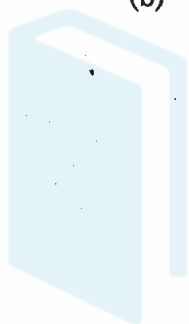
₹

7	Started Business with Cash	2,00,000
9	Purchased Furniture	40,000
10	Bought Goods for Cash	60,000
11	Sold Goods to Anil on Credit	1,00,000
17	Paid Rent	7,000
18	Commission Received	5,000

(A-29)

[3]

- (b) Write any *four* liabilities and *four* Assets which are shown in the Balance Sheet. 8
5. (a) What do you understand by Financial Management ? Briefly explain the functions of Financial Management. 10
- (b) Distinguish between 'Funds Flow Statement' and 'Cash Flow Statement'. 10



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No. of Printed Pages : 2

M06594

MCS-035

MCA (Revised)
Term-End Examination,
December 2019

**MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT**

Time : 3 Hours

Maximum Marks : 100
(Weightage : 75%)

- Note :** (i) Question No. 1 is **compulsory** and carries 40 marks.
(ii) Attempt **any three** questions from the remaining questions.
(iii) Each question carries 20 marks.

1. a) Enter the following transactions in the Journal of Anil. Post them into ledger and prepare Trial Balance. 25

June 2017

3	Sold goods to Dev	Rs. 1,00,000
5	Received from Dev in full settlement of his account	Rs. 98,000
6	Sold goods to Manmohan	Rs. 80,000
8	Manmohan returned goods	Rs. 1000
15	Received cash from Ram and discount allowed	Rs. 19,500 Rs. 500
16	Furniture purchased	Rs. 3,00,000
20	Interest received	Rs. 10,000
25	Goods purchased from Shyam	Rs. 70,000
26	Cash paid to Rohit	Rs. 6,000
28	Rent paid	Rs. 13,000

(2)

- b) What ratios would you use to measure the profitability of a Business organization? Explain them in brief. 15
2. Why do companies prepare Funds Flow Statement in addition to Income statement and Balance sheet? How does it differ from Balance sheet? 20
3. a) How is Wealth maximization objective better than profit maximization objective? Explain. 10
b) Define Working capital. What are the consequences of excess and inadequate working capital? 10
4. a) How a project is evaluated under the Internal rate of Return method of capital Budgeting? Explain the advantages of this method. 10
b) Explain the utility of Cash Budget as a tool of Cash management. 10
-
5. a) What is Receivable management? State the factors that influence the size of receivables. 10
b) Explain the principle of Full disclosure. 10



No. of Printed Pages : 3

MCS-035

**MASTER OF COMPUTER
APPLICATION (MCA)**

Term-End Examination

June, 2020

**MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT**

Time : 3 Hours

Maximum Marks : 100

Note : Question No. 1 is compulsory. It carries 40 marks. Attempt any three questions from the remaining questions. Each question carries 20 marks.

1. (a) Following information is given to you : 25
 - (i) Stock turnover ratio 5 times
 - (ii) Sales (all credit) ₹ 2,00,000
 - (iii) Gross Profit Ratio $\frac{1}{4}$ on cost
 - (iv) Current liabilities ₹ 60,000
 - (v) Quick ratio 0.75

P. T. O.

[2]

MCS-035

(vi) Stock at the end is ₹ 5,000 more than the stock in the beginning.

Calculate :

(A) Cost of goods sold

(B) Opening stock and closing stock

(C) Quick assets and current assets

(b) How is a cash flow statement prepared ?
Explain it with suitable example. 15

2. What is Accounting ? What are its objectives ?
Which parties are interested in accounting
information and why ? 20

3. (a) Why is provision for doubtful debts
created ? How is it shown in the balance
sheet ? 10

(b) Define Financial Management. Explain the
functions of financial manager. 10

4. (a) What is present value method of capital
budgeting ? How is profitability of projects
evaluated under this method ? Explain its
limitations. 10

[3]

- (b) Explain the operating cycle method of computation of working capital. 10
5. (a) Briefly explain Baumol's model for determining the optimum balance of cash. 10
- (b) Define Receivable Management. What consideration must be kept in mind while forming a credit policy ? 10

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No. of Printed Pages : 4

MCS-035

**MASTER OF COMPUTER
APPLICATIONS (MCA)**

Term-End Examination

December, 2020

**MCS-035 : ACCOUNTANCY AND FINANCIAL
MANAGEMENT**

Time : 3 Hours

Maximum Marks : 100

Weightage : 75%

Note : *Question No. 1 is compulsory and carries 40 marks. Attempt any **three** questions from the remaining questions. Each question carries 20 marks.*

1. (a) Explain the following accounting concepts :
 $5 \times 4 = 20$
 - (i) Business Entity Concept
 - (ii) Continuity Concept
 - (iii) Accrual Concept
 - (iv) Materiality Concept
- (b) From the following Trial Balance of Shri Ram Prasad, prepare Trading and Profit &

[2]

MCS-035

Loss A/c for the year ending 31st December, 2018 and Balance Sheet as on that date. The closing stock on 31st December, 2018 was valued at ₹ 25,000 :20

Debit Balances	Amount (₹)
Opening Stock	20,000
Purchases	75,000
Sales Return	8,000
Freight and Carriage	7,500
Wages	36,500
Salaries	12,000
Repairs	1,200
Trade Expenses	4,000
Rent and Taxes	24,000
Cash in Hand	5,700
Bills Receivable	4,000
Debtors	55,000
Plant and Machinery	1,60,000
Withdrawls	16,600
Bank Deposit	20,000
Total	4,49,500

[3]

MCS-035

Credit Balances	Amount (₹)
Sundry Creditors	15,000
Purchases Return	3,000
Sales	2,50,000
Commission	3,300
Capital	1,70,000
Interest on Bank Deposits	2,000
Bills Payable	6,200
Total	4,49,500

2. Explain the meaning of funds flow statement. What are its main objectives ? Explain the main items which are shown in this statement.

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3. Describe the main categories of ratios and explain the various liquidity ratios which show the short-term solvency position of a firm.

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4. What do you understand by Investment Appraisal ? Differentiate between the present value method and internal rate of return method for evaluating capital expenditure proposals. 20
5. What do you understand by Receivables Management ? Explain the important dimensions of a firm's credit policy. 20



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