

MCA (Revised)
Term-End Examination
December, 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, and remaining
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	70,000
(ii) Purchased Furniture for cash	20,000
(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	<u>80,000</u>		
	<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 : $4 \times 5 = 20$
- (a) Convention of Consistency
 - (b) Concept of 'Working Capital'
 - (c) Liberal Credit Policy
 - (d) Cost Concept
 - (e) Inventory Turn Over Ratio
 - (f) Accounting Rate of Return
