

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.

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(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
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