

**MCA (Revised)****Term-End Examination****June, 2014****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 :

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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