

MCA (Revised)**Term-End Examination****December, 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, 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 ? 20
Explain the Baumol model of Cash management.
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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