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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.
Attempt **any three** questions from the rest which carry
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

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 :

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- (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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