

**MCA (Revised)**  
**Term-End Examination**  
**December, 2022**

**MCS-035 : ACCOUNTANCY AND FINANCIAL  
MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100*

*(Weightage : 75%)*

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**Note :** *Question No. 1 is **compulsory** and carries 40 marks. Attempt any **three** questions from the rest and each question carries 20 marks each.*

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1. (a) Prepare Trading, Profit and Loss Account and Balance Sheet from the following particulars as on 31<sup>st</sup> March, 2019. 30

Particulars	Dr. Balance	Cr. Balance
Capital	—	25,000
Building	30,000	—
Furniture	2,640	—
Scooter	4,000	—
Return inwards and outwards	2,300	1,600
Opening stock (1st April, 2018)	8,000	—
Purchases and Sales	33,800	56,040
Bad debts	300	—

Carriage inwards	700	—
General Expenses	1200	—
Bad debt provision	—	700
Bank loan	—	5,000
Interest on bank loan	300	—
Commission	—	900
Insurance and Taxes	2,000	—
Scooter expenses	2,600	—
Salaries	4,400	—
Cash in hand	2,000	—
Debtors and Creditors	3,000	8,000
<b>Total</b>	<b>97,240</b>	<b>97,240</b>

*Adjustments :*

- (i) Closing stock on 31/03/2019 was valued at ₹ 4340.
- (ii) Commission includes ₹ 300 being commission received in advance.
- (iii) Salaries have been paid for 11 months.
- (iv) Bank loan was taken at 10% per annum interest on 01/04/2018.
- (v) Depreciate building by 5% and scooter by 15%.
- (vi) Write off ₹ 200 as further debts and maintain bad debt provision at 5% on book debts.
- (vii) Scooter is used for business as well as for private purpose equally.

- (b) The following are the ratios extracted from the Balance Sheet of a company as on 31<sup>st</sup> December, 2018. Draw up the Balance Sheet of the company.

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Current ratio	2.5
Liquidity Ratio	1.5
Stock Turnover ratio (based on cost of goods sold)	6
Fixed assets turnover (based on sales)	2
Gross Profit as percentage of sales	20%
Debtor's collection period	2 months
Working capital	₹ 3,00,000
Shareholders capital	₹ 5,00,000
Reserves and Surplus	₹ 2,50,000

2. Explain the characteristics of current assets and discuss the concept of operating cycle. Describe the factors influencing working capital requirements.
3. Explain the various types of investment decisions and describe the stages in capital budgeting process. Explain the investment appraisal techniques using non-discounted cash flow criteria.

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4. What do you mean by receivables management ? Describe the process of credit evaluation. 20
5. What is the significance of inventory management in a firm ? Explain and illustrate the Economic Order Quantity (EOQ) model of inventory management. What are the assumptions on which this model is based ? Discuss. 20
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