

MCA (Revised)

Term-End Examination

June, 2012

MCS-035 : ACCOUNTING 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 particulars with respect to a particular item of a manufacturing company, calculate the best quantity to order : 20

Ordering Quantities (In Tons)	Price Per Ton Rs.	Foregone Discount per Ton (Rs.)
Less than 250	6.00	0.40
250 and Less than 800	5.70	0.30
800 and Less than 2000	5.80	0.20
2000 and Less than 4000	5.70	0.10
4000 and above	5.60	-

The annual requirement for material is 4000 tons. Holding costs are 20% of average cost per annum. The cost per order is Rs. 6.00.

- (b) In order to increase the sales from the present annual sales of Rs. 240000 Gattu Chemicals Limited is considering a more liberal credit policy. At present the average collection period of credit sales of the firm is 30 days. It is expected that (a) if collection period is lengthened by 15 days, sales will increase by Rs. 10,000 and (b) if collection period is lengthened by 30 days, sales will increase by Rs. 15000. The finance manager has estimated that with 15 days increase, bad debts losses will be 3% and with 30 days increase, bad debts losses will be 6%. The present bad debts loss is 1%. The firm has the following cost pattern at present and same will be the pattern in the coming year.
- Price per unit Re 1.00
Variable cost per unit Re 0.60
Average cost per unit Re 0.80
Required Rate of
Return (opportunity cost) 20%
Working days in a year 360
Which of the credit policy should be recommended ?

2. What do you understand by 'Financial Management' ? What is the relationship of finance function to production and marketing functions ?

3. Explain in detail, the features of an appropriate Capital Structure. Also explain the various factors which determine and influence the Capital Structure of a firm. 20
4. (a) A company purchased a machine for Rs. 10,000 on 1st January 2009, which is expected to last for three years. It will have an estimated residual (scrap) value to the tune of Rs. 1250. You are required to show machine Account for all three years, providing depreciation on Fixed Instalment Method. 10
- (b) A company had Current Assets of Rs. 3,00,000 and current Liabilities of Rs. 1,40,000. Afterwards it purchased goods for Rs. 20,000 on credit. Calculate the Current Ratio after the purchase. 10
5. Write short notes on : 20
- (a) Time value of money
 - (b) Need for Holding the cash
 - (c) Uses of Funds
 - (d) Objectives of Inventory Management.
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