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MCA (Revised)
Term-End Examination
June, 2016

MCS-035 : ACCOUNTANCY AND FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

(Weightage : 75%)

Note : Question no. 1 is compulsory and carries 40 marks. Answer any three questions from the rest, which carry 20 marks each.

1. (a) From the following Balance Sheet of M/S Amit Enterprises, you are required to prepare : 20
- (i) Schedule of changes in working capital
 - (ii) Funds flow statement
 - (iii) Funds from operations

Balance Sheet

Assets	31-03-2011 ₹	31-03-2012 ₹
Goodwill	30,000	25,000
Plant and Machinery	75,000	1,10,000
Debtors	45,000	50,000
Bills Receivable	17,500	2,500
Stock	37,500	40,000
Cash	12,500	17,500
Underwriting Commission	20,000	15,000
Total	2,37,500	2,60,000

Liabilities	31-03-2011 ₹	31-03-2012 ₹
Equity Share Capital	1,00,000	1,25,000
12% Redeemable Preference Share Capital	50,000	40,000
General Reserve	15,000	17,500
Profit and Loss Account	32,500	37,500
Bills Payable	10,000	5,000
Creditors	30,000	35,000
Total	2,37,500	2,60,000

Additional information :

- (1) Depreciation of ₹ 5,000 has been charged on Plant and Machinery.
- (2) Machinery amounting to ₹ 50,000 was sold for ₹ 49,400.

- (b) M/s Ayush Pratyush Enterprises has an investment opportunity costing ₹ 30,000 with the following expected net cash flow (i.e., after tax and before depreciation) :

Year	Net cash flow ₹	Discounted factor	
		10% PV	15% PV
1	4,000	0.909	0.870
2	4,000	0.826	0.756
3	4,000	0.751	0.658
4	4,000	0.683	0.572
5	4,000	0.621	0.497
6	7,000	0.564	0.432
7	9,000	0.513	0.376
8	12,000	0.467	0.327
9	9,000	0.424	0.284
10	2,000	0.386	0.247

Using 10% as the cost of capital (rate of discount) determine the following :

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- (i) Payback period
- (ii) Net Present Value at 10% discounting factor
- (iii) Profitability index at 10% discounting factor
- (iv) Internal Rate of Return (IRR) with the help of 10% discounting factor and 15% discounting factor

2. "Ratio analysis is widely used as a tool of financial analysis, yet it suffers from various limitations." Explain. 20

3. What is meant by Accounting Equation ? Explain it by giving at least five suitable illustrations. 20

4. (a) You are required to calculate 'Return on Capital Employed' (ROCE) from the following : 10

	₹
Net Profit after Tax	2,00,000
Rate of Income Tax	50%
4,000 10% Convertible Debentures of ₹ 100 each	4,00,000
Current Assets	4,30,000
Current Liabilities	2,30,000
Fixed Assets (at cost)	9,70,000
Depreciation upto date	1,70,000

(b) Give a format of Profit and Loss A/c and Balance Sheet with imaginary figures. 10

5. Write short notes on any *four* of the following : 4×5=20

- (a) Contingent Liabilities and Estimated Liabilities
 - (b) Economic Profit and Accounting Profit
 - (c) IRR and ARR
 - (d) VED Analysis
 - (e) Accounting Equation
 - (f) Money Measurement Concept
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