

**MASTER OF COMPUTER
APPLICATIONS (MCA) (REVISED)**

Term-End Examination

June, 2023

**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 and each question carries 20 marks.*

1. (a) From the following balances and information prepare Trading and Profit and Loss account for the year ended 31st March, 2019 and Balance Sheet as on that date : 30

Name of account	Dr. Balance (₹)	Cr. Balance (₹)
Capital	—	10,000
Plant and machinery	3,600	—
Depreciation on plant and machinery	400	—

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Repairs to plant	320	—
Wages	5,600	—
Salaries	800	—
Income tax	100	
Cash in hand and at bank	400	
Land and Building	14,900	
Depreciation on building	500	
Purchases	25,000	
Purchases Returns	—	300
Sales	—	49,800
Bank Overdraft		760
Accrued income	300	—
Salaries outstanding	—	400
Bills receivable	2,000	—
Provision for bad debts	—	1,200
Bills payable	—	600
Bad debts	200	—
Discount on purchases	—	800
Debtors	7,000	—
Creditors	—	4,660
Opening stock	7,400	—
	68,520	68,520

Additional Information :

- (i) Stock on 31st March, 2019 was ₹ 6,000.
- (ii) Write off ₹ 600 for bad debts and maintain a provision of 5% on debtors.
- (iii) Goods costing ₹ 1,000 were sent to a customer for ₹ 1,200 on 31st March, 2019 on 'sale or return basis'. This was recorded as actual sales.
- (iv) ₹ 240 paid as rent of the office were debited to the landlord's account and were included in the list of debtors.
- (v) General manager is to be given commission at 10% of net profit after charging the commission of works manager and his own.
- (vi) Works manager is to be given commission at 5% of net profit after charging the commission of general manager and his own.
- (b) From the following information prepare a Balance Sheet of M/s ABC Ltd. :
- | | |
|----------------------------------|----------|
| Balance Sheet of M/s ABC Ltd. : | 10 |
| (i) Current Ratio | 2.5 |
| (ii) Liquid Ratio | 1.5 |
| (iii) Proprietary Ratio | 0.75 |
| (Fixed Assets/Proprietary funds) | |
| (iv) Working Capital | ₹ 60,000 |

(v) Reserves and Surplus	₹ 40,000
(vi) Bank Overdraft	₹ 10,000
(vii) There is no long-term loan and fictitious assets.	

2. Explain the concept of 'working capital' and its constituents. Describe the factors that determine the quantum of working capital required for a firm. What consequences will follow if there is shortage or excess of working capital ? Discuss. 20
3. What is 'Capital Budgeting' ? Discuss the importance of capital investment decisions and describe the types of investment decisions. Explain any *two* techniques of investment evaluation using Discounted Cash Flows (DCF) criteria. 20
4. What do you understand by receivables management ? Discuss the various credit policy variables and describe the quantitative effect of relaxing credit standards on profit. 20
5. What is meant by inventory management ? Discuss the objectives of inventory management and describe the traditional techniques of inventory control. 20