

15217

MCA (Revised)
Term-End Examination
December, 2010

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

Time : 3 hours

Maximum Marks : 100
(Weightage : 75%)

*Note : Question number 1 is **Compulsory** and carries **40** marks.
Attempt **any three** questions from the rest, and
remaining questions carry **20** marks each.*

1. From the following balance sheet of ABC Co. Ltd. 25
Prepare a statement of changes in working capital
and fund flow statement for the year ended 31st
March 2010.

Assets	31.03.2009	31.03.2010
Goodwill	1,00,000	80,000
Machinery (at cost)	4,10,000	5,40,000
Investments (Long term)	30,000	80,000
Discount on issue of Debentures	5,000	-
Cash at bank	1,20,000	1,30,000
Sundry debtors	80,000	1,90,000
Stock in trade	40,000	55,000
	7,85,000	10,75,000
Liabilities		
Share Capital	3,00,000	3,50,000
Debentures	1,50,000	2,50,000
General Reserves	1,00,000	1,50,000
P & L Account	60,000	70,000
Provision for depreciation on machinery	90,000	1,30,000
Sundry Creditors	75,000	1,10,000
Bills payable	10,000	15,000
	785,000	10,75,000

During the year investments costing Rs. 30,000 were sold for Rs. 23,000. A machine was sold for Rs. 25,000. It had cost Rs 40,000 and accumulated depreciation on it was 8,500.

- (b) The management of M/S ABC Ltd. is considering an investment project costing Rs 1,50,000. It will have a scrap value of Rs 10,000 at the end of its 5 year life. Transport and installation charges are expected to be Rs 5,000 and Rs 25,000 respectively. If the project is accepted a spare part inventory of Rs 10,000 is also be maintained. The spare parts will have an estimated scrap value of 60% of their initial cost after 5 years. 15

Annual revenue from the project is expected to be Rs 1,70,000. Annual labour, material and maintenance expenses are estimated to be Rs 15,000 Rs 50,000 and Rs 5,000 respectively. The depreciation and taxes for five years would be.

Year	Depreciation (Rs)	Taxes Rs
1	72,000	11,200
2	43,200	22,720
3	32,400	27,040
4	21,600	31,360
5	800	39,680

Calculate the net cashflows for each year and NPV of the project. Evaluate the project at 12% rate of interest.

The discount factor at 12% for year 1 to 5 are

•8929, •7972, •7118, •6355 and •5674 respectively,

2. Explain the concept of working capital and discuss the sources of raising working capital in India. 20
3. Write short notes on the following : 20
- (a) Annuity
 - (b) Liquidity ratios
 - (c) Continuity concept
 - (d) Cost concept
4. How does cash flow problem arise ? Explain the Baumal's model of determining optimum cash balance. 20
5. What purpose is served by holding inventories ? Discuss any two modern techniques of inventory management. 20
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