MCA (Revised)

Term-End Examination

June, 2010

12122

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, which carry* ***20*** *marks each.*

1. (a) From the following Trial Balance and other information prepare the Trading and Profit and Loss Account for the year ended 31st March, 2008 and Balance Sheet as on that date : **25**

Particulars	Debit Balance (Rs.)	Credit Balance (Rs.)
Sundry Debtors	32,000	-
Stock (Ist April, 2007)	22,000	-
Cash in Hand	35	-
Cash in Bank	1,545	-
Plant & Machinery	17,500	-
Sundry Creditors	-	10,650
Trade Expenses	1,075	-
Sales	-	1,34,500
Salaries	2,225	-
Carriage Outwards	400	-
Rent	900	-
Bills Payable	-	7,500
Purchases	1,18,870	-
Discounts	1,100	-
Premises	34,500	-
Capital (Ist April, 2007) ..	-	79,500
	2,32,150	2,32,150

The Stock on 31st March, 2008 was Rs. 12,450. Rent was unpaid to the extent of Rs. 85 and Rs. 150 were outstanding for Trade Expenses; Rs. 400 are to be written off as bad debts out of the above debtors; and 5% is to be provided for doubtful debts. Depreciate Plant and Machinery by 10% and Business Premises by 2%.

Manager is entiteld to a commission of 5% on net profit after charging his commission.

(b) From the following Balance Sheets of M/s. Gupta & Co., prepare the Cash Flow Statement for the year ended March 31, 2007. **15**

Liabilities	2006 (Rs.)	2007 (Rs.)	Assets	2006 (Rs.)	2007 (Rs.)
Creditors	20,000	22,000	Cash	8,000	22,000
Outstanding			Debtors	15,000	11,000
Expenses	5,000	1,000	Bills Receivable	5,000	---
Loan From X	10,000	5,000	Stock	20,000	28,000
Capital	1,08,000	1,68,000	Fixed Assets	95,000	1,35,000
	1,43,000	1,96,000		1,43,000	1,96,000

During the year, the proprietor introduced Rs. 20,000 as additional capital. The net profits for the year, after charging Rs. 5,000 as depreciation on fixed assets, were Rs. 50,000.

2. Krishna Ltd. is considering an expansion of the installed capacity of one of its plant at a cost of Rs. 35,00,000. The firm has a minimum required rate of return 12%. The following are the expected cash inflows over next 6 years after which the plant will be scrapped away for nil value. **20**

Year	Cash inflows (Rs.)	PVF of Rs. 1/-at 12%
1	10,00,000/-	0.893
2	10,00,000/-	0.797
3	10,00,000/-	0.712
4	10,00,000/-	0.636
5	5,00,000/-	0.567
6	5,00,000/-	0.507

Consider the proposal on the basis of the NPV techniques.

3. 'Profit maximization can not be the ultimate objective of financial management.' Elucidate the statement. **20**

4. What is meant by Working Capital ? Discuss the factors affecting the determination of working capital. Distinguish between permanent working capital and temporary working capital. **20**

5. Discuss the following generally accepted accounting principles in India. **20**

   (a) Business Entity Concept

   (b) Disclosure Convention

6. Write short note on : **20**

(a) Stock - Out Cost

(b) Time Value of Money

(c) Need for holding the cash

(d) Importance of Ratio analysis

(e) Liberal Credit Policy