

## MCA (Revised)

## Term-End Examination

05760

December, 2017

**MCS-035 : ACCOUNTANCY 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 remaining questions which carry 20 marks each.

1. (a) From the following Trial Balance of M/s Mitra & Co., prepare Trading and Profit and Loss Account and Balance Sheet for the year ending 31<sup>st</sup> March, 2014 : 20

Particulars	Dr (₹)	Cr (₹)
Capital		10,000
Plant and Machinery	4,000	
Debtors	2,400	
Creditors		1,200
Drawings	1,000	
Purchases	10,500	

Wages	5,000	
Bank	1,000	
Repairs	50	
Stock (Opening)	2,000	
Return Outward		500
Rent	400	
Sales		16,400
Manufacturing Expenses	800	
Trade Expenses	700	
Bad Debts	200	
Carriage	150	
Bills Payable		500
Return Inward	400	
<b>Total</b>	<b>28,600</b>	<b>28,600</b>

The closing stock was valued at ₹ 1,450. Provide for depreciation on plant and machinery ₹ 400 and allow 5% interest on capital, ₹ 50 is due for repairs.

(b) The following is the Balance Sheet of  
M/s Kakar & Co. as at 31<sup>st</sup> March, 2013 :

Liabilities	₹	Assets	₹
Creditors	60,000	Cash at Bank	50,000
Bills Payable	1,00,000	Short-term Investment	1,50,000
Tax Provision	1,30,000	Debtors	2,00,000
Outstanding Expenses	10,000	Stock	3,00,000
6% Debentures	7,00,000	Fixed Assets Less Depreciation	13,00,000
8% Preference Shares	1,00,000		
Equity Shares	5,00,000		
General Reserve	4,00,000		
<b>Total</b>	<b>20,00,000</b>	<b>Total</b>	<b>20,00,000</b>

Management of the company has also provided other information which is as follows :

	₹
Opening Stock	4,00,000
Net Sales	30,00,000
Cost of Goods Sold	25,80,000
Net Income Before Tax	2,00,000
Net Income After Tax	1,00,000

You are required to calculate the following : 20

- (i) Liquidity Ratio
- (ii) Current Ratio
- (iii) Net Profit Ratio
- (iv) Debt Equity Ratio

2. What is the concept of Working Capital ? Briefly explain the factors that determine the working capital needs of a firm. 5+15

3. Two components, A and B, are used as follows :

Normal usage	50 units per week each
Minimum usage	25 units per week each
Maximum usage	75 units per week each
Re-order quantity	A : 300 units B : 500 units
Re-order period	A : 4 to 6 weeks B : 2 to 4 weeks

You are required to calculate the following : 20

- (a) Re-order Level
- (b) Minimum Level
- (c) Maximum Level
- (d) Average Stock Level

4. What do you mean by Net Present Value (NPV) method and Internal Rate of Return (IRR) method of capital budgeting ? Differentiate between them. 5+5+10

5. Explain any *four* of the following : 4×5=20

- (a) Business Entity Concept
  - (b) Contingent Liabilities
  - (c) Trial Balance
  - (d) Objectives of Financial Management
  - (e) Cash Flow Statement
  - (f) Letter of Credit
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