

MCA (Revised)

Term-End Examination

June, 2009

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) The following data are being taken from the 20
records of Tata Corporation as on 31st
March 2008 :

	Rs.
Cash	30,000
Debtors	15,000
Stock	10,000
Pre paid Expenses	5,000
Creditors	15,000
Bills Payable	3,000
Sales	50,000
Purchase	36,000
Purchase Return	6,000

On the basis of the above informations
compute the following :

- (i) Working Capital Ratio ;
- (ii) Acid Test Ratio ;
- (iii) Stock and Cost of Sales Ratio ;
- (iv) Payable Turnover Ratio ;
- (v) Average Time of Payable ;

- (b) From the following particulars of XYZ & Co., 20
 you are required to determine the working capital required by the company for the next year :

	Rs.
Annual Sales	14,40,000
Cost of Production (inculding depreciation of Rs. 1,20,000	12,00,000
Raw Material Purchase	7,05,000
Monthly Expenditure	25,000
Estimated Opening Stock of Raw Material	1,40,000
Estimated closing Stock of Raw Material	1,25,000
Inventory norms	
Raw Materials	2 months
Work-in-progress	½ month
Finished goods	1 month

The firm enjoys a credit of half a month on its purchase and allows one month credit on its supplies. On sales orders the company receives an advance of Rs. 15,000.

You may assume that production is carried out evenly throughout the year and minimum cash balance desired to be maintained is Rs.10,000.

2. Write short notes on the following : 20
 - (a) Accrual concept
 - (b) Materiality concept
 - (c) Conservatism concept
 - (d) Consistency concept
3. What is meant by 'Fund Flow Statement' ? 20
Enumerate the uses of fund flow statement.
4. Explain the following (*Any two*) : 20
 - (a) Pay back Period Method
 - (b) Net Present Value Method
 - (c) Internal Rate of Return Method
5. What are the objectives of Cash Management ? 20
Discuss the functions of cash management.
6. What do you mean by 'Economic Order Quantity' ? 20
How it is determined ?

- o O o -

