

MCA (Revised)

Term-End Examination

December, 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) From the following comparative balance sheets of X Ltd; prepare Fund Flow statement for the year 2001 assuming that proposed dividend is a current liability.

Balance Sheet					
Liabilities	1/1/2001	31-12-2001	Assets	1/1/2001	31-12-2001
Share Capital	1,00,000	1,00,000	Fixed Assets	1,00,000	1,80,000
Profits & Loss A/C	20,000	60,000	Less Depreciation	10,000	28,000
Debentures		1,00,000		90,000	1,52,000
Creditors	50,000	70,000	Stock	20,000	48,000
Proposed Dividend	10,000	14,000	Debtors	30,000	50,000
			Cash and Bank	40,000	94,000
	1,80,000	3,44,000		1,80,000	3,44,000

Assume that Rs. 10,000 dividend was proposed for the year 2000 and Rs. 14,000 dividend is proposed for the year 2001.

- (b) A firm is desiring an increase in credit period from 30 to 60 days. The average collection period which is 45 days at present is expected to increase to 75 days. It is also likely that the bad debt expenses increase from 1% to 3% of sales. Total credit sales are expected to increase from the level of 30,000 units to 34,500 units. The present average cost per unit is Rs. 8, the variable cost and selling price per unit are Rs.6 and Rs.10 respectively. Assume that the firm expects a return of 15%, should the firm extend credit period ? 20
2. What do you understand by 'Final Accounts' ? Why are they prepared ? 20
3. What are the objectives of financial management and discuss types of financial management decisions that a firm makes ? 20
4. Write Short Notes on the following : 20
- (a) Time Value of Money
 - (b) Liquidity Ratios
5. Explain briefly 'Cash Management' ? What are the objectives of cash management ? 20
6. What are the important dimensions of a firm's credit policy ? 20

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