No. of Printed Pages : 5 **MCS–225**

MASTER OF COMPUTER APPLICATIONS (MCA—NEW)

Term-End Examination

December, 2024

MCS-225 : ACCOUNTANCY AND FINANCIAL MANAGEMENT

Time : 3 Hours *Maximum Marks : 100*

Note : *(i) Attempt any **five** questions.*

(ii) All questions carry equal marks.

1. Write short notes on any ***four*** of the following : 4×5=20

   (a) Going concern

(b) Accrual

(c) Matching

(d) Conservatism

(e) Materiality

2. Explain the following terms with an example of each : 5×4=20

(a) Tangible and Intangible Assets

(b) Current Assets and Current Liabilities

(c) Reserves and Provisions

(d) Contingent Assets and Contingent Liabilities

3. What is the purpose of preparing cash flow statement ? Explain the *three* broad headings under which cash inflows and cash outflows are reported while preparing cash flow statement. 20

4. (a) "The quality of analysis is dependent upon the quality of information depicted by the financial statements." Do you agree ? 10

(b) "High current ratio may also indicate lower efficiency in assets utilisation." Do you agree ? Justify your answer. 10

5. "The financial goal of a firm should be to maximise profits and net wealth." Do you agree with this statement ? Justify. 20

6. RADHA Dairy Limited has decided to diversify its business and seeking your advise to invest its surplus funds on a profitable project. It has two projects under consideration–project 'P' and project 'Q'. The cost of project 'P' is ₹ 100 crore and that of 'Q' is ₹ 150 crore. Both projects are expected to have a life of 8 years only and at the

end of this period 'P' will have a salvage value of ₹ 4 crore and 'Q' ₹ 14 crore. The running expenses of 'P' will be ₹ 35 crore per year and that of 'Q' ₹ 20 crore per year. In both cases the company expects rate of return of 10%. The company tax rate is 50%. Depreciation is charged on straight-line basis. Which project should the company take up ?

Note : Present value of annuity of ₹ 1 for eight years at 10% is 5.335 and present value of ₹ 1 received at the end of the eight years is 0.467.

20

7. "Treasury management mainly deals with working capital management and financial risk management." Discuss. 20

8. What will be the effect of the following changes on the level of the firm's receivables ? 4×5=20

   (i) Recession

   (ii) Production and selling cost increases

   (iii) Interest rate increases

   (iv) The firm changes its credit terms from "2/10, net 30" to "3/10, net 30".

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