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**MCS-225**

**MASTER IN COMPUTER  
APPLICATION (MCA) (NEW)**

**Term-End Examination**

**June, 2022**

**MCS-225 : ACCOUNTANCY AND FINANCIAL  
MANAGEMENT**

*Time : 3 Hours*

*Maximum Marks : 100*

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

(ii) All questions carry equal marks.

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1. From the following Trial Balance of M/s Volcano and Earth for the year ending 31st March, 2022 prepare Trading and Profit & Loss Account for the year ended 31st March, 2022 and Balance Sheet as on 31st March, 2022 :

**P. T. O.**

Particulars	Amount (Dr.) (₹)	Particulars	Amount (Cr.) (₹)
Stock	48,000	Bank loan	13,200
Building	72,000	Creditors	34,800
Debtors	51,000	Capital	96,000
Machinery	30,000	Sales	3,90,000
Drawings	12,000	Discount	1,200
Purchases	2,70,000	Purchases returns	2,400
Insurance	4,500	Commission	2,250
Trade Expenses	10,800	Provision for bad debts	1,200
Sales return	1,800	Bills payable	6,000
Salaries	24,600		
Carriage inwards	3,750		
Bad Debts	900		
Bills receivable	13,500		
Cash	4,200		
	5,47,050		5,47,050

Incorporate the following adjustments while preparing final accounts :

- (i) Closing stock is valued at ₹ 36,000.

- (ii) Provide interest on capital at 5%.
  - (iii) Outstanding salaries ₹ 2,400.
  - (iv) Prepaid insurance ₹ 450.
  - (v) Depreciation on building 2% and on machinery 10%.
  - (vi) Make a provision of 5% on debtors for bad debts.
  - (vii) Commission accrued and receivables ₹ 600.
2. Explain the following accounting concepts :
- (i) Business Entity Concept
  - (ii) Cost Concept
  - (iii) Going Concern Concept
  - (iv) Materiality Concept
3. What are the different types of financial ratios ? Define and evaluate various solvency ratios.
4. What do you understand by cost of capital ? Explain the various constituents of 'capital' and discuss how cost of 'equity capital' is determined.

5. What do you understand by 'Working Capital' ? Discuss in detail the various sources from where working capital needs can be financed.
6. What do you understand by 'Receivables Management' ? Briefly discuss credit policy variables and explain the quantitative impact of relaxing credit standards and credit period on profits.
7. Explain the cash management cycle and discuss the motives for holding cash. Explain the Baumol's model for determining optimum cash balance.
8. Explain the nature of accounting function and discuss how accounting process acts as an 'Information System'.