

**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.

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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.

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

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8. What will be the effect of the following changes on the level of the firm's receivables ? $4 \times 5 = 20$
- (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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