No. of Printed Pages : 3 **MCS–035**

MASTER OF COMPUTER APPLICATIONS (REVISED) (MCA)

Term-End Examination

June, 2026

MCS-035 : ACCOUNTANCY AND FINANCIAL MANAGEMENT

Time : 3 Hours *Maximum Marks : 100*

Weightage : 75%

Note : *Question No. 1 is compulsory and carries 40 marks. Attempt* ***any three*** *questions from the rest and each question carries 20 marks.*

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1. (a) Explain the following : 4×5=20
   - (i) Continuity concept
   - (ii) Cost concept
   - (iii) Accrual concept
   - (iv) Materiality concept

(b) PQR Ltd. purchases 9,000 units of spare parts for its annual requirement, ordering one month usage at a time. Each spare part costs ₹ 20. The ordering cost per order is ₹ 15 and the carrying charges are 15% of unit cost. 20

(i) Do you think it is a correct policy ? If not, suggest a more economic purchase policy for the company. Also find out the total annual cost of inventory ordering and carrying.

(ii) You have been asked to suggest a more economic purchasing policy for the company. What advice would you offer and how much would it save the company per year ?

2. What are the generally accepted accounting principles (GAAP) ? Discuss their significance and limitations. 20

3. “The accounting ratios are very important for interpretation as they give valuable and very useful information about the business, its profitability to honour its monetary

commitments, working efficiency and so on." Discuss. Mention the ratios which are generally used while interpreting the financial statements. 20

4. Discuss the main methods which are generally used for analyzing and evaluating capital budgeting proposal, stating their respective characteristics, merits and demerits. 20

5. What is a firm's operating cycle ? How is it calculated ? What is a firm's cash conversion cycle ? How is it calculated ? How can a manager lower a firm's cash conversion cycle ? 20

6. Briefly explain the Credit Policy variables and describe the Credit Evaluation Process. 20

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