

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



M.C.A. DEGREE EXAMINATION – COMPUTER APPLICATIONS

THIRD SEMESTER – NOVEMBER 2019

16/17/18PCA3MC03 – PRINCIPLES OF MANAGEMENT ACCOUNTING

Date: 05-11-2019

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

SECTION – A

ANSWER ALL THE QUESTIONS

(10 x 2 = 20 marks)

1. Define 'Accounting'.
2. State any two characteristics of Accounting.
3. What is budgeting?
4. What is EPS?
5. What is working capital?
6. The following budget estimates are available from a factory working at 50% of its capacity.
Variable expenses Rs. 60,000
Semi variable expenses Rs. 20,000
Fixed expenses Rs. 10,000
Prepare a budget for 75% of the capacity assuming that semi-variable expenses increased by 10% for every 25%.
7. Calculate average collection period from the following:

Credit sales for the year	Rs.30,000
Debtors	Rs. 2,500
Bills receivable	Rs. 3,000
8. State the effect on working capital caused by the following:
(a) Increase in cash Rs. 1,700
(b) Increase in stock Rs. 1,600
(c) Decrease in debtors Rs. 500
(d) Decrease in creditors Rs. 2,500
9. Calculate the value of furniture purchased from the following details:
Opening balance Rs. 2,00,000
Closing balance Rs. 3,00,000
Depreciation charged Rs. 40,000
10. A project cost Rs.15,60,000 and yields annually a profit of Rs. 2,70,400 after depreciation of 12% p.a. but before tax at 25%. Calculate pay-back period.

SECTION – B

ANSWER ANY FOUR QUESTIONS

(4 x 10 = 40 marks)

11. Explain the characteristics of management accounting.
12. Differentiate between funds flow statement and cash flow statement.
13. Explain the different kinds of budget.

14. The sales and profit of 2016 and 2017 are as follows;

YEAR	SALES (Rs.)	PROFIT (Rs.)
2014	150,000	20,000
2015	170,000	25,000

Find out

- a) p/v ratio b) BEP c) Sales for a profit of Rs. 40,000 d) Profit for sales of Rs. 2,50,000 and e) Margin of safety at a profit of Rs. 50,000

15. For the production of 10,000 automatic electrical goods the following are budgeted expenses.

Particulars	Per Unit (Rs.)
Direct material	60
Director labour	30
variable overheads	25
Fixed overheads (Rs.1,50,000)	15
Variable expenses (direct)	5
Selling expenses (10% fixed)	5
Administration expenses (Rs.50,000 fixed)	5
Distribution expenses (20% fixed)	5
Total cost	150

Prepare a budget for the production of 6,000 electrical goods.

16. From the following two balance sheets you are required to prepare a statement of Sources and Application of funds:

Liabilities	2004 (Rs.)	2005 (Rs.)	Assets	2004 (Rs.)	2005 (Rs.)
Share capital	40,000	45,000	Cash	30,000	47,000
Trade creditors	10,000	23,000	Debtors	1,20,000	1,15,000
P & L A/c	2,30,000	2,50,000	Stock	80,000	90,000
			Land	50,000	66,000
	2,80,000	3,18,000		2,80,000	3,18,000

17. A company is considering investment of Rs. 10,00,000 in a project. The following are the income forecast, after depreciation and tax:

Year	Rs
1 st year loss	1,00,000
2 nd year profit	3,00,000
3 rd year profit	4,00,000
4 th year profit	2,00,000
5 th year profit	2,00,000

Calculate the accounting rate of return

- (a) On original investment method
(b) On average investment method

SECTION – C

ANSWER ANY TWO QUESTIONS

(2 x 20= 40 marks)

18. Describe the different types of ratios and their purposes.

19. Ram Company wishes to arrange overdraft facilities with its bankers during the period April –June, when it will be manufacturing mostly for stock.

Months	Sales Rs.	Purchases Rs.	Wages Rs.
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

- i) 50% of credit sales is realized in the month following the sale and the other 50% in the second month following. Creditors are paid in the month following the month of purchase.
- ii) Wages are paid at the end of the respective month.
- iii) Cash at bank 1st April Rs. 25,000.

20. The following are the extract from the financial statements of Jaiv Ltd., as on 31-3-2008 and 2009 respectively.

Particulars	31-3-2008 Rs.	31-3-2009 Rs.
Stock	10,000	25,000
Debtors	20,000	20,000
Bills receivable	10,000	5,000
Advances (recoverable in cash)	2,000	-
Cash	18,000	15,000
Creditors	25,000	30,000
Bills payable	15,000	20,000
Bank overdraft	-	2,000
9% debentures	5,00,000	5,00,000
Sales for the year	3,50,000	3,00,000
Gross profit	70,000	50,000

You are required to compute for both the years

- (i) Current ratio
- (ii) Liquid ratio
- (iii) Stock turnover ratio
- (iv) Debtors turnover ratio
- (v) Gross profit ratio and
- (vi) Stock working capital ratio

21. From the following Balance Sheets as on 31st December, prepare a cash flow statement

Liabilities	31-12-05	31-12-06	Assets	31-12-05	31-12-06
Share capital	1,00,000	1,50,000	Fixed Assets	1,00,000	1,50,000
P & L A/c	50,000	80,000	Goodwill	50,000	40,000
General Reserve	30,000	40,000	Inventories	50,000	80,000
16% Bonds	50,000	60,000	Debtors	50,000	80,000
Sundry Creditors	30,000	40,000	Bills Receivable	10,000	20,000
Expenses outstanding	10,000	15,000	Bank	10,000	15,000
	2,70,000	3,85,000		2,70,000	3,85,000

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