



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.C.A. DEGREE EXAMINATION – COMPUTER APPLICATIONS

THIRD SEMESTER – APRIL 2016

CO 3902 - PRINCIPLES OF MANAGEMENT ACCOUNTING

Date: 06-05-2016
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

SECTION – A

ANSWER ALL THE QUESTIONS

(10 X 2 = 20 MARKS)

1. Define 'Management accounting'.
2. State any two characteristics of Financial Accounting
3. What is budgeting?
4. What is Working Capital?
5. What is pay-back period?
6. From the following particulars, prepare productions budget for 3 months ending 30th June 2005.

Months/Yrs.	Estimated sales in units
April 2005	1,40,000
May 2005	1,60,000
June 2005	1,30,000
July 2005	1,20,000

It is the policy of the company to maintain 50% of the month's sales as opening stock.

7. Calculate average collection period from the following:

	Rs.
Credit sales for the year	30,000
Debtors	2,500
Bills receivable	3,000

8. Ascertain the amount of profit or loss on sale of machinery

	Rs.
Cost of machinery sold	1,00,000
Accumulated depreciation on sold machinery	30,000
Sale value of machinery	85,000

9. What is the formula for net profit ratio?
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 briefly the various concepts and conventions of accounting.
12. Differentiate between funds flow statement and cash flow statement.
13. Explain the different kinds of budget.
14. Profit and loss account of ABC Ltd., is given below

Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
To Opening stock	2,00,000	By Sales	16,00,000
To Purchases	12,00,000	By Closing stock	3,20,000
To Administration expenses	1,20,000	By Dividend	4,000
To Selling expenses	80,000		
To Financial expenses	40,000		
To Loss on sale of assets	5,000		
To Net profit	2,79,000		
	19,24,000		19,24,000

Calculate profitability ratios.

15. From the following two balance sheets you are required to prepare a funds flow statement.

Liabilities	2002 Rs.	2003 Rs.	Assets	2002 Rs.	2003 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

16. Prepare a material budget from the following information. Requirement for 100 units of production:

Material	Rate per ke	Product 'X'	Product 'Y'
A	Rs. 40	20kg	40kg
B	Rs.30	10kg	10kg
C	Rs.20	40kg	30kg

Production X – 4,000 units

Production Y- 1,000 units

17. An industrialist is offered two projects for investment with the following cash flows. His decision criterion is a pay-back period of 3 years.

	Project- X Rs.	Project -Y Rs.
Investment required	8,000	7,000
Annual cash flows:		
Year 1	4,000	2,500
Year 2	3,000	2,500
Year 3	2,000	2,500
Year 4	2,000	2,500

Advise the industrialist:

- Use pay-back method
- Return on investment method

SECTION – C

ANSWER ANY TWO QUESTIONS

(2 x 20= 40 MARKS)

18. Describe the different methods of capital budgeting

19. From the data, calculate

- Gross profit ratio
- Net profit ratio
- Return on total assets
- Inventory turnover ratio
- Working capital turnover ratio
- Net worth of debt ratio

Sales	Rs.	25,20,000
Cost of sales		19,20,000
Net profit		3,60,000
Inventory		8,00,000
Other current assets		7,60,000
Fixed assets		14,40,000
Net worth		15,00,000
Debt		9,00,000
Current liabilities		6,00,000

20. From the following balance sheets prepare a cash flow statement

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

21. Vijay Moniya Company wishes to arrange O.D 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.
