



# THE AMERICAN COLLEGE, MADURAI

(An Autonomous Institution Affiliated to Madurai Kamaraj University)

Re-accredited (2<sup>nd</sup> Cycle) by NAAC with Grade "A", CGPA – 3.46 on a 4-point scale

## Backlog Arrear Examination, March 2021

CMC 2533/BCA

PRINCIPLES OF MANAGEMENT ACCOUNTING

MARKS:75

Duration: 3Hours

Answer any FIVE questions from the following:

(5 X 15 = 75)

1. What is the relationship between management accounting, cost accounting and financial accounting?
2. How ratios are classified? Explain the important ratios under each category.
3. Elaborate the principles of good reporting system.
4. From the following Profit and Loss Account and Balance Sheet of Jessen Industries Ltd., prepare a comparative income statement and comparative balance sheet.

### Profit and Loss Account for the year ended 30<sup>th</sup> June

	1999	2000		1999	2000
	Rs.	Rs.		Rs.	Rs.
To Cost of goods sold	500	640	By sales	700	900
To operating expenses:					
Administrative expenses	20	20			
Selling expenses	30	40			
To Net Profit	150	200			
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	<b>700</b>	<b>900</b>		<b>700</b>	<b>900</b>
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### BALANCE SHEET

Liabilities	1999	2000	Assets	1999	2000
	Rs.	Rs.		Rs.	Rs.
Bills Payable	50	75	Cash	50	75
Tax Payable	100	150	Debtors	300	450
Sundry creditors	150	200	Stock	100	200
15% Debentures	100	150	Land	100	120
10% Preference capital	200	200	Building	250	220
Equity capital	300	300	Plant	200	180
Reserves	200	250	Furniture	100	80
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	<b>1,100</b>	<b>1,325</b>		<b>1,100</b>	<b>1,325</b>
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5. With the help of the following ratios regarding Indu Films draw the Balance Sheet of the company for the year 2020.

1. Current ratio	2.5
2. Liquidity ratio	1.5
3. Net working capital	Rs.3,00,000
4. Stock turnover ratio (cost of sales/ closing stock)	6 times
5. Gross profit ratio	20 %
6. Debt collection period	2 months
7. Fixed assets turnover ratio (on cost of sales)	2 times
8. Fixed assets to shareholders net worth	0.80
9. Reserves and surplus to share capital	0.50

6. From the following balance sheet of Mr.Valan prepare a fund flow statement.

	30 <sup>th</sup> June 1999	30 <sup>th</sup> June 2000
Cash	5,000	2,300
Debtors	17,500	19,200
Stock	12,500	11,000
Land	10,000	15,000
Building	25,000	27,500
Machinery	40,000	43,000
	<b>1,10,000</b>	<b>1,18,000</b>
Creditors	18,000	20,500
Bank loan	15,000	19,500
Capital	77,000	78,000
	<b>1,10,000</b>	<b>1,18,000</b>

Drawings of Mr.Valan during the year was Rs.20,000. Depreciation charges on machinery was Rs.4,000.

7. The Comparative Balance sheet of M/s. Ram and brothers for the two years as follows:

Liabilities	2019 (Rs)	2020 (Rs)	Assets	2019 (Rs)	2020 (Rs)
Capital	1,50,000	1,75,000	Land and building	1,10,000	1,50,000
Loan from Bank	1,60,000	1,00,000	Machinery	2,00,000	1,40,000
Creditors	90,000	1,00,000	Stock	50,000	45,000
Bills payable	50,000	40,000	Debtors	70,000	80,000
Loan from S.B.I	--	25,000	cash	20,000	25,000
<b>TOTAL</b>	<b>4,50,000</b>	<b>4,40,000</b>	<b>TOTAL</b>	<b>4,50,000</b>	<b>4,40,000</b>

**Additional Information:**

- Net profit for the year 2020 amounted to Rs.60, 000
- During the year a machine costing Rs.25, 000 (accumulated depreciation Rs 10,000) was sold for Rs. 13,000

The provision for depreciation against machinery as on 31-12-2019 was Rs. 50,000 and on 32-12-2020, Rs 85,000 you are required to prepare a cash flow statement.

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