# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.B.A.** DEGREE EXAMINATION – **BUSINESS ADMINISTRATION**

SIXTH SEMESTER – **APRIL 2015**

**BU 6606 - ACCOUNTING FOR DECISION MAKING**

Date : 20/04/2015 Dept. No. Max. : 100 Marks
Time : 09:00-12:00

## PART-A

Answer **ALL** Questions (10x2=20 marks)

1. Define Management Accounting?
2. Explain the objectives of budgetary control?
3. What is Ratio Analysis?
4. What is the main difference between variable cost and fixed cost?
5. What is standard cost?
6. Write any two differences between financial accounting and management accounting?
7. Prepare production budget
   Budgeted sales Rs.40,000. Stock on 31.12.2003 Rs.8,000 required stock 31.12.2004 Rs.10,000.
8. From the trading A/c calculate stock turnover ratio.

| Particulars | Rs. | Particulars | Rs. |
|---|---|---|---|
| **To opening stock** | **1,00,000** | **By sales** | **5,60,000** |
| **To purchases** | **3,50,000** | **By closing stock** | **1,00,000** |
| **To wages** | **9,000** | | |
| **To Gross profit** | **2,01,000** | | |
| | **6,60,000** | | **6,60,000** |

9. From the following information, find out P/V ratio.
   Sales : Rs. 10,00,000
   Variable cost: Rs. 4,00,000
   Fixed cost : Rs. 4,00,000
10. Calculate Material usage variance from the following.
    Standard: 400 units at Rs. 10 each
    Actual : 360 units at Rs. 7 each

## PART-B

Answer any **FOUR** Questions (4x10=40marks)

11. What are the characteristics of Management accounting?
12. What are the limitations of Ratio analysis?
13. What are the essentials of a good budgetary control system?
14. A company at present operating at 50% capacity produces and sells 10,000 units. The unit cost is Rs. 180 and the selling price is Rs. 200.
    Direct material : Rs. 100
    Direct labour : Rs. 30
    Factory expenses (60% variable) : Rs. 30
    Administrative expenses (40% fixed) : Rs. 20
    Prepare a flexible budget at 80% capacity.

15. A Trader purchases goods both on cash as well as on credit terms.
    Total `purchases (gross): Rs.2,00,000
    Cash purchases : Rs. 20,000
    Purchase returns : Rs. 34,000
    Creditors at the end : Rs. 70,000
    Bills payable at the end : Rs. 40,000
    You are required to
    1. Calculate creditors turnover ratio
    2. Calculate average payment period.

16. Manali corporation Ltd., has prepared the following budget estimates for the year 2005-2006.
    Sales units :15,000
    Fixed expenses: Rs. 34,000
    Sales value : Rs. 1,50,000
    Variable costs : Rs. 6 per unit
    You are required to
    1. Find P/V ratio, BEP.
    2. Calculate the revised P/V ratio, BEP in each of the following cases
        a. Decrease of 10% in selling price.
        b. Increase of 10% in variable costs.
17. From the following particulars calculate
    a. Total Material variance
    b. Material price variance
    c. Material usage variance.

| | **Standard** | | **Actual** | |
|---|---|---|---|---|
| **Materials** | **units** | **Price (Rs.)** | **units** | **Price (Rs.)** |
| **A** | **2,020** | **2** | **2,160** | **2.40** |
| **B** | **820** | **3** | **760** | **3.60** |
| **C** | **700** | **4** | **760** | **3.80** |

## PART-C

Answer any **TWO** Questions: (2x20=40marks)

18. Distinguish between Management Accounting and Cost Accounting?
19. From the following information, prepare a balance sheet.
    a. Working capital : Rs. 75,000
    b. Reserves and surplus : Rs. 1,00,000
    c. Bank over draft: Rs. 60,000
    d. Current ratio: 1.75
    e. Liquid ratio : 1.15
    f. Fixed assets to proprietor’s fund : 0.75
    There is no long term Liabilities.

20. From the summarized balance sheets of X Ltd., Prepare Fund flow statement.

| Liabilities | 31.3.1999 (Rs.) | 31.3.2000 (Rs.) | Assets | 31.3.1999 (Rs.) | 31.3.2000 (Rs.) |
|---|---|---|---|---|---|
| **Share capital** | **90,000** | **90,000** | **Gross block** | **1,55,000** | **1,56,000** |
| **Bank loan** | **1,19,000** | **2,10,000** | **(-) Depreciation** | **7,000** | **10,000** |
| | | | | **1,48,000** | **1,46,000** |
| **Current liabilities** | **46,000** | **48,000** | **Current Assts** | **40,000** | **1,00,000** |
| | | | **P&L A/c** | **67,000** | **1,02,000** |
| | **2,55,000** | **3,48,000** | | **2,55,000** | **3,48,000** |

21. The sales and profit for 2006 and 2007 are as follows:

| | Sales (Rs.) | Profit (Rs.) |
|---|---|---|
| **2006** | **1,50,000** | **20,000** |
| **2007** | **1,70,000** | **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.

**$$$$$$$**