LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

SIXTH SEMESTER – **APRIL 2018**

BU 6606– ACCOUNTING FOR DECISION MAKING

Date: 21-04-2018 Dept. No. Max. : 100 Marks
Time: 09:00-12:00

PART – A

Answer ALL questions **(10 * 2 = 20 marks)**

1. List out any two merits of management accounting.
2. What is flexible budget?
3. What are turnover ratios?
4. What is dividend yield ratio?
5. What is standard cost?
6. Opening stock Rs.29000, Closing stock Rs.31000, Purchases Rs.242000 . Calculate stock turnover ratio.
7. Calculate funds lost in operations:

Net loss for the year	90,000
Dividend received	7,000
Depreciation charged	10,000
Profit on sale of assets	5,000
Refund of tax	2,000

8. Prepare production budget for the quarter ending 31st March 2008.

Budgeted sales for the quarter	40,000 tons
Stock on 31st Dec 2007	8,000
Required stock on 31st March 2008	10,000

9. Ganesh purchased and used 800 tons of a chemical at Rs. 40 per ton where as the standard price fixed was Rs. 48 per ton. Calculate the material price variance.
10. Find out variable cost: Sales Rs. 4,00,000 , P/V Ratio = 25%.

PART – B

Answer any FOUR questions **(4 * 10 = 40 marks)**

11. What is the scope of management accounting?
12. What is ratio analysis? What are the limitations of ratio analysis.

13. Explain the advantages of standard costing.

14. From the following data, calculate:

(i) Break-even point in terms of sales value and in units.

(ii) Number of units that must be sold to earn a profit of Rs. 90,000.

Fixed Factory Overheads Cost	60,000
Fixed Selling Overheads Cost	12,000
Variable Manufacturing Cost per unit	12
Variable Selling Cost per unit	3
Selling price per unit	24

15. The expenses budgeted for production of 1,000 units in a factory are furnished below: Particulars

	Per Unit (Rs.)
Material Cost	700
Labour Cost	250
Variable overheads	200
Selling expenses (20% fixed)	130
Administrative expenses (Rs. 2,00,000)	200

Total Cost	1,480

Prepare a budget for production of 600 units and 800 units assuming administrative expenses are rigid for all level of production.

16. For a particular job, the data are given below:

Standard hours	150 hours
Standard rate of wages per hour	$ 5
Actual hours	100 hours
Actual rate of wages per hour	$ 6

Calculate:

(a) Labour cost variance (b) Labour rate variance &

(c) Labourefficiency variance.

17. Ramco Cements presents the following information and you are required to calculate funds from operations:

Profit and Loss Account			
	Rs.		**Rs.**
To Operation expenses	1,00,000	By Gross Profit	2,00,000
To Depreciation	40,000	By Gain on sale of plant	20,000
To loss on sale of building	10,000		
To Advertisement Suspense account	5,000		
To discount allowed	500		
To discount on issue of shares written off	500		
To Goodwill written off	12000		
To Net profit	52000		
	2,20,000		**2,20,000**

PART – C

Answer any TWO questions **(2 * 20 = 40 marks)**

18. Differentiate between Financial Accounting and Management Accounting.
19. From the following information relating to A Ltd., prepare Funds Flow Statement:

(Rs. ‘000)

	2003 Rs.	**2004 Rs.**		**2003 Rs.**	**2004 Rs.**
Share Capital	300	400	Cash	30	90
Reserve	100	50	Accounts Receivable	105	150
Retained earnings	30	60	Inventories	150	195
Accounts Payable	45	135	Fixed Assets	190	210
	475	**645**		**475**	**645**

Additional Information:

a) The company issue bonus shares for Rs. 50,000 and for cash Rs. 50,000

b) Depreciation written off during the year Rs. 15,000.

20. The following is the Balance sheet of a company as on 31st March:

Liabilities	Rs.	Assets	Rs.
Share Capital	2,00,000	Land & Buildings	1,40,000
Profit & Loss Account	30,000	Plant & Machinery	3,50,000
General Reserve	40,000	Stock	2,00,000
12% Debentures	4,20,000	Sundry Debtors	1,00,000
Sundry Creditors	1,00,000	Bills Receivable	10,000
Bills Payable	50,000	Cash at bank	40,000
	8,40,000		**8,40,000**

Calculate: (a) Current Ratio (b) Quick ratio (c) Inventory to working capital (d) Debt to equity ratio (e) Proprietary Ratio (f) Capital Gearing ratio (g) Current assets to Fixed assets

21. A manufacturing concern, which has adopted standard costing, furnished the following information:

Standard Material for 70 kg finished product: 100 kg.

Price of materials: Re. 1 per kg.

Actual Output: 2,10,000 kg.

Material used: 2,80,000 kg.

Cost of material: Rs. 2,52,000.

Calculate: (a) Material Usage Variance (b) Material Price Variance (c) Material Cost Variance

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