



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.Sc. & B.A DEGREE EXAMINATION – MATHS, STATISTICS & ECONOMICS**

THIRD SEMESTER – NOVEMBER 2015

**CO 3204 - ACCOUNTING FOR MANAGERS**

Date : 12/11/2015  
Time : 09:00-12:00

Dept. No.

Max. : 100 Marks

## Part - A

**Answer All Questions**

**(10x2= 20 Marks)**

1. Explain the term Break Even Point
2. State the meaning of Journal.
3. What is a cost sheet?
4. From the following information find out the P/V ratio, Break Even Point and Margin of Safety.  
Sales 1,00,000    Variable cost 60,000    Fixed cost 30,000
5. Calculate Prime cost:

Stock of raw materials on 1.1.2008	10,000
Stock of raw materials on 31.12.2008	20,000
Purchases	1,60,000
Direct wages	75,000
Direct expenses	25,000
Factory expenses	37,500
Office expenses	62,500
Selling expenses	25,000

6. What do you understand by double entry system of accounting?
7. What are the advantages of Marginal costing?
8. Calculate stock turnover ratio from the following:  
Opening stock            20,000  
Closing stock            10,000  
Purchases                50,000  
Carriage inwards        5,000  
Sales                        1,00,000
9. Calculate debt equity ratio from the following information  
Debentures            2,00,000  
Loan from banks    1,00,000  
Equity share capital 1,25,000  
Reserves                25,000
10. Journalise the following transactions:  
Purchased furniture for Rs.20000  
Paid to Mohan Rs 3,000  
Sold goods to Suresh on credit Rs.3,500  
Paid into bank Rs.5,000

**Part - B**

**Answer any FOUR questions.**

**(4x10= 40 Marks)**

11. Explain the essentials of good budgetary control system
12. The cost of sale of product A is made up as follows:

<b>Particulars</b>	<b>Amount(Rs)</b>
Materials used in manufacturing	5,500
Materials used in packing materials	1,000
Materials used in selling the product	150
Materials used in the factory	75
Materials used in the office	125
Labour required in producing	1000
Labour required for supervision (Factory)	200
Expenses Direct (Factory)	500
Expenses Indirect (office)	100
Expenses – Office	125
Depreciation (Office Building)	75
Depreciation (Factory)	175
Selling expenses	350
Freight (material)	500
Advertising	125

Assuming that all the products manufactured are sold, what should be the selling price to obtain a profit of 25% on selling price?

13. The following balances were extracted from the ledger of Rahul on 31<sup>st</sup> March 2003. You are requested to prepare a trial balance as on that date in the proper form.

	<b>Rs.</b>		<b>Rs.</b>
Salaries	36,320	Purchases	1,44,670
Sales	1,73,500	Sundry Debtors	1,430
Plant & Machinery	34,300	Travelling Expenses	2,630
Commission Paid	1,880	Carriage Inward	240
Stock on 1.4.2002	11,100	Sundry Creditors	14,260
Repairs	1,670	Capital, 1.4.2002	62,500
Sundry Expenses	460	Drawings	3,500
Returns Inward	1,000	Cash at Bank	1,090
Discount Allowed	1,150	Returns Outward	400
Rent and Rates	3,220	Investments	6,000

14. Explain the various accounting concepts in detail.
15. What is Ratio analysis? Discuss the uses and limitation of ratio analysis.
16. From the following information find out P/V ratio, BEP, Profit when sales is Rs.1,20,000 and Sales required to earn a profit of Rs.40,000

<b>Year</b>	<b>Sales (Rs.)</b>	<b>Profit (Rs.)</b>
2003	1,40,000	15,000
2004	1,60,000	20,000

17. Prepare a cash budget for the months of June, July, and August 2004 from the following information.

- a) Opening cash balance in June Rs.7,000
- b) Cash sales for June Rs. 20,000; July Rs. 30,000 and August Rs. 40,000.
- c) Wages payable Rs. 6,000 every month.
- d) Interest receivable Rs.500 in the month of August.
- e) Purchase of furniture for Rs. 16,000 in July.
- f) Cash purchases for June Rs.10,000; July Rs.9,000 and August Rs.14,000

**Part - C**

**Answer any TWO questions**

**(2 x 20 = 40 Marks)**

18. The following data have been extracted from the books of Mr. Moorthy industries for the calendar year 2013.

<b>Particulars</b>	<b>Rs.</b>
Opening stock of raw materials	25,000
Purchase of raw materials	85,000
Closing stock of raw materials	40,000
Carriage inwards	5,000
Wages –direct	75,000
Wages – indirect	10,000
Other direct charges	15,000
Rent and rates – Factory	5,000
Rent and rates – office	500
Indirect consumption of material	500
Depreciation- Plant	1,500
Depreciation – office furniture	100
Salary – Office	2,500
Salary – Salesman	2,000
Other factory expenses	5,700
Managing Directors remuneration	12,000
Other office expenses	900
Other selling expenses	1,000
Travelling expenses of salesmen	1,100
Carriage and freight outward	1,000
Sales	2,50,000
Advance income tax paid	15,000
Advertisement	2,000

The managing Director's remuneration is to be allocated as Rs. 4,000 to the factory, Rs.2000 to the office and Rs.6,000 to the selling department. From the above information find out: Prime cost, Works cost, cost of production, cost of sales and Net profit.

19. From the following, prepare a cash budget for June & July 2005

Particulars	May (Rs.)	June(Rs.)	July(Rs.)
Cash Purchases	50,000	1,00,000	1,50,000
Cash Sales	1,37,500	1,62,500	2,37,500
Credit purchase	72,500	1,22,500	1,62,500
Credit sales	1,37,500	1,72,500	2,00,000
Expenses	25,000	30,000	35,000

- Estimated opening balance of cash on 1<sup>st</sup> June Rs.40,000
- Credit allowed by suppliers and to customer is one month.
- Expenses are payable in the same month
- Dividend receivable in June is Rs.8,000
- Commission payable in July is Rs.1,35,000

20. Prepare a trading and profit and loss account for the year ended 31<sup>st</sup> December 2014 and a balance sheet as on that date from the following trial balance of Mr.Arun:

Particulars	Rs.	Particulars	Rs
Drawings	45,000	Capital	1,60,000
Goodwill	90,000	Bills payable	35,000
Buildings	60,000	Creditors	70,000
Machinery	40,000	Sales	2,18,000
Opining stock	40,000	Purchase returns	2,650
Wages	26,000		
Carriage inwards	1,000		
Rent	3,000		
Repairs	2,300		
Cash	1,600		
Bad debts	1,200		
Furniture	6,000		
General Expenses	450		
Bills receivable	6,000		
Purchases	51,000		
Carriage outwards	500		
Salaries	35,000		
Discount	1,100		
Bank	25,000		
Debtors	45,000		
Sales returns	2,000		
Advertisements	3,500		
<b>Total</b>	<b>4,85,650</b>	<b>Total</b>	<b>4,85,650</b>

**Adjustments:**

- Closing stock was 35,000
- Depreciate Machinery and furniture by 10%
- Outstanding wages 1,500
- Prepaid advertisement 500
- Create 5% on debtors for bad debts as provision.

21. From the following information prepare a cost sheet for the month of December 2014.

<b>Particulars</b>	<b>Rs.</b>
Stock on hand - 1st Dec. 2014:	
Raw materials	25,000
Finished goods	17,300
Stock on hand - 31st Dec. 2014:	
Raw materials	26,200
Finished goods	15,700
Purchase of raw materials	21,900
Carriage on purchases	1,100
Work-in-progress 1.12.14 at work cost	8,200
Work-in-progress 31.12.14 at work cost	9,100
Sale of finished goods	72,300
Direct wages	17,200
Non productive wages	800
Direct expenses	1,200
Factory overheads	8,300
Administrative overheads	3,200
Selling and distribution overheads	4,200

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