



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Sc. & B.A. DEGREE EXAMINATION – MATHEMATICS, STATS & ECONOMICS

THIRD SEMESTER – NOVEMBER 2017

CO 3204 – ACCOUNTING FOR MANAGERS

Date: 15-11-2017

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

Answer All questions

Part - A

(10x2= 20 Marks)

1. What do you understand by double entry system of accounting?
2. What is a cost sheet?
3. Explain the term Break Even Point
4. What do you mean by flexible budget?
5. What are the advantages of the budgetary control system?

6. 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

7. Calculate Prime cost:

Rs.

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

8. From the following information find out the (a) P/V ratio, (b) Break Even Point and (c) Margin of Safety.

Sales 1,00,000 Variable cost 60,000 Fixed cost 30,000

9. Calculate stock turnover ratio from the following:

Rs.

Opening stock	20,000
Closing stock	10,000
.Purchases	50,000
Carriage inwards	5,000
Sales	1,00,000

10. Calculate debt equity ratio from the following information

Rs.

Debentures	2,00,000
Loan from banks	1,00,000
Equity share capital	1,25,000
Reserves	25,000

Answer any FOUR questions.

Part - B

(4x10= 40 Marks)

11. What is marginal costing? Explain the importance of marginal costing in decision making?
12. Explain the essentials of good budgetary control system.
13. What is Ratio analysis? Discuss the uses and limitation of ratio analysis.
14. The following details have been obtained from the cost records of Raja Sekhar Ltd.

Particulars	Rs.
Stock of raw materials on 1.12.2010	75,000
Stock of raw materials on 31.12.2010	91,500
Direct wages	52,500
Indirect Wages	2,750
Sales	2,11,000
Work-in-Progress 1 st Dec. 2010	28,000
Work-in-Progress 31 st Dec.2010	35,000
Purchases of raw materials	66,000
Factory rent, rates and power	15,000
Depreciation of plant and machinery	3,500
Expenses on purchases	1,500
Carriage outwards	2,500
Advertising	3,500
Office rent and taxes	2,500
Traveller's wages and commission	6,500
Stock of finished goods (1 st Dec. 2010)	54,000
Stock of finished goods (31 st Dec.2010)	31,000

Prepare a cost sheet giving the maximum possible break up of costs and profit.

15. 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.

16. Prepare Trial Balance for the following balances extracted from the ledger balance:

Particulars	Rs.
Sujatha's Drawings Account	5,800
Sujatha's Capital Account	24,000
Sundry Creditors	43,000
Bills payable	4,000
Sundry Debtors	51,000
Bills receivable	5,200
Loans advanced to Ram & co	10,000
Fixtures and fittings	4,500
Stock at commencement	47,000
Cash in office	900
Cash at bank	12,500
Overdraft with the central bank	6,000
Purchases	50,000
Duty and clearing charges	3,500
Sales	1,28,000
Staff salaries	9,500
Return from customers	1,000
Return to Creditors	1,100
Commission and travelling exp	4,700
Trade Expenses	2,500
Discount received	4,000

17. From the particular given below calculate:

- Break even point
- Profit or loss when sales are Rs.12,000 and
- Sales required to earn a profit of Rs.5,000

Period	Sales (Rs.)	Profit /Loss
I	10,000	-500
II	14,000	1,500

Answer any TWO questions

Part - C

(2 x 20 = 40 Marks)

18. Prepare a trading and profit and loss account for the year ended 31st 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		
Total	4,85,650	Total	4,85,650

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.

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 1st 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. From the following information prepare a cost sheet for the month of December 2014.

Particulars	Rs.
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

21. The following are the summarized profit and loss account of sun Ltd. For the year ending 31st Dec. 2016 and the balance sheet as on that date.

Particulars	Rs.	Particulars	Rs.	Rs.
To opening stock	10,000	By sales	1,20,000	
To purchases	60,000	Less: Sales return	10,000	1,10,000
To Freight Expenses	5,000	By closing stock		15,000
To Gross profit c/d	50,000			
	1,25,000			1,25,000
To operating expenses:		By gross profit b/d		50,000
Office expenses	5,000	By non-trading income:		
Administrative expenses	15,000	Interest on Investment		5,000
Selling and distribution expenses	5,000	Profit on sale of fixed assets		1,000
To non-operating expenses:		Dividend Received		4,000
Loss on sale of fixed assets	1,000			
To Net profit	34,000			
	60,000			60,000

Balance sheet of Sun Ltd. for the year ending 31st Dec. 2016.

Liabilities	Rs.	Assets	Rs.
Share capital	15,000	Cash in hand	2,000
Reserves	3,000	Cash at bank	3,000
Debentures	12,000	Marketable securities	5,000
Current liabilities	20,000	Inventories	15,000
Profit and loss A/C	5,000	Sundry debtors	6,000
		Prepaid expenses	4,000
		Land and building	20,000
	55,000		55,000

You are required to calculate: a) Current ratio, b) liquid ratio,
 c) gross profit ratio, d) operating ratio
 e) operating profit ratio and f) net profit ratio.
