LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

SIXTH SEMESTER – **APRIL 2016**

BU 6606 – ACCOUNTING FOR DECISION MAKING

Date: 21-04-2016 Dept. No. Max. : 100 Marks
Time: 09:00-12:00

PART – A

ANSWER ALL THE QUESTIONS: **(10 x 2 = 20 marks)**

1. Define management accounting.
2. List out the limitations of management accounting.
3. Define ratio.
4. Opening stock Rs. 29,000, closing stock Rs. 31,000, purchases Rs. 2,42,000.
   Calculate stock turnover ratio.
5. Prepare production budget for the quarter ending 31st March 2014:

	Tons.
Budgeted sales for the quarter	40,000
Stock on 31st December 2013	8,000
Required stock on 31st March 2014	10,000

6. Find out the provision for income tax made during the financial year 2013-14:

Balance of provision for tax on 1.4.2013	2,65,000
Balance of provision for tax on 31.3.2014	2,90,000
Tax paid during	3,00,000

7. The P.V Ratio of a firm is 50% and the margin of safety is 40%.

   Find out the BEP and the net profit is sales volume is Rs. 5,00,000.
8. Define absorption costing.
9. Data relating to Job are as under:
   Standard rate of wage per hour Rs. 10 Actual rate of wages per hour Rs. 12
   Standard hours – 300 Actual hours – 200

   You are required to calculate: labour cost variance.
10. What do you mean by variance analysis?

PART –B

Answer any FOUR questions: (4x 10= 40 marks)

11. Explain the objectives of Management Accounting.
12. Explain the advantages of standard costing,
13. Explain in detail profitability group ratios.
14. Following are the ratios relating to the trading activities of Kovai Traders Ltd.

Receivables turnover	-	3 months
Inventory Turnover	-	3 times
Payables turnover	-	3 months
Gross profit to sales	-	25%

Gross profit for the year ending 31.12.2013 amounted to Rs. 18,000. Closing inventory of the year is Rs. 2,000 above the opening inventory.
Bills receivable – Rs. 2,500: Bills payable – Rs. 1,000. Calculate :
   a. Sales
   b. Debtors
   c. Closing inventory
   d. Sundry creditors

15. Sivaram Manufacturing company finds that while it costs Rs.6.25 To make each component X, the same is available in the market at Rs.4.85 Each, with an assurance of continued supply.

The break down of cost is:	
	Rs.
Materials	2.75 Each
Labour	1.75 Each
Other Variables	0.50 Each
Depreciation and Other Fixed Costs	1.25 Each
Total	6.25

Should you make or buy?

16. Prepare a flexible budget for production at 80% and 100% activity on the basis of the following information:

Production at 50% capacity	5,000 units
Raw materials	Rs. 80 per unit
Direct labour	Rs. 50 per unit
Direct expenses	Rs. 15 per unit
Factory expenses	Rs. 50,000 (50% fixed)
Administration expenses	Rs. 60,000 (60% variable)

17. From the data given below, calculate labour rate variance and labour cost variance:
Actual gross wages (Direct) Rs. 2000
Standard hours for production 8000
Standard rate per hour Re. 0.30
Actual hours worked 8,200

PART –C

Answer any TWO questions: (2x 20= 40 marks)

18. Differentiate between Financial Accounting and Management Accounting.

19. The following are the summarised Balance sheets of Johnson Industries Ltd., as on 31st December, 2010 and 2011.

Liabilities	2010 Rs.	2011 Rs.	Assets	2010 Rs.	2011 Rs.
Capital 7% Pre. shares		10,000	Fixed assets	41,000	40,000
Equity shares	40,000	40,000	Less Depreciation	11,000	15,000
Current liabilities:				30,000	25,000
Creditors	12,000	11,000	Current assets:		
Provision for tax	3,000	4,200	Debtors	20,000	24,000
Proposed dividend	5,000	5,800	Stock	30,000	35,000
Bank overdraft	12,500	6,800	Prepaid expenses	300	500
			Cash	1,200	3,500
General reserve	2,000	2,000			
Profit & Loss A/c	1,000	1,200			
Debentures	6,000	7,000			
	81,500	88,000		81,500	88,000

Prepare:

i. Statement showing changes in the working capital

ii. A statement of sources and application of funds.

20. From the following information relating to Sun Ltd., you are required to find out

a. P/V Ratio
b. Break even point
c. Profit
d. Margin of safety
e. Volume of sales to earn profit of Rs. 6,000.

Total fixed costs	Rs. 4,500
Total variable cost	Rs. 7,500
Total sales	Rs. 15,000

21. From the following data for June 2010 of a factory calculate:

I. Material cost variance II. Material price Variance and III. Material mix variance

Name of material	Standard		Actual	
	Kg	Rate Rs.	Kg	Rate Rs.
X	8,000	1.05	7,500	1.20
Y	3,000	2.15	3,300	2.30
Z	2,000	3.30	2,400	3.50