



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.A. DEGREE EXAMINATION – ECONOMICS

THIRD SEMESTER – APRIL 2017

### CO 3204- ACCOUNTING FOR MANAGERS

Date: 04-05-2017  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

#### Part - A

Answer All questions

(10x2= 20 Marks)

1. What do you understand by double entry system of accounting?
2. Write a short note on prime Cost
3. What is cost sheet?
4. State the meaning of Journal.
5. Explain the term Break Even Point
6. What is Gross Profit?
7. What are the advantages of Marginal costing?
8. Calculate the Gross profit ratio from the following figures:  
Sales 1,00,000  
Purchases 60,000  
Sales returns 10,000  
Purchase returns 15,000  
Opening Stock 20,000  
Closing Stock 5,000
9. 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
10. Calculate current assets, current liability, stock turnover ratio from the following:  
Current ratio: 2.5  
Working capital: Rs.60,000  
Opening stock: Rs.29,000  
Closing stock: Rs.31,000  
Sales: Rs.3,20,000  
Gross profit ratio: 25% on sales

#### Part - B

Answer any FOUR questions.

(4x10= 40 Marks)

11. Discuss the advantages and disadvantages of cost accounting in detail?
12. Define Budgeting and Budget Control. Describe the advantages and Limitations of Accounting.
13. The expense budgeted for production of 10,000 units in a factory are furnished below:

Particulars	Per unit (Rs.)
Materials	70
Labour	25
Variable overhead	20
Fixed overhead (Rs. 1,00,000)	10
Variable expenses (Direct)	5
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed)	7
Administrative expenses (50,000) (fixed for all levels)	5
Total cost per unit (to make and sell)	155

Prepare a flexible budget for the production of 8,000 units and 6,000 units.

14. Journalise the following transactions and prepare cash account, purchase account and sales account.
- Purchased goods for cash Rs.10,000
  - Sold goods to Ramesh for cash Rs.3,000
  - Paid stationery Rs.200
  - Paid for advertisements Rs.300
  - Received from Jose Rs.5,000
  - Received Commission Rs.600
  - Paid to John Rs.500
  - Withdrew of cash for domestic use Rs.5,000
15. From the Following information, Calculate Contribution, P/V ratio, Beak-even point, Number of units that must be sold to earn a profit of Rs.60,000 per year and Number of units that must be sold to earn a net income of 10% on sales.
- Sales price – Rs.20 per unit.  
 Variable cost – Rs. 14 per unit  
 Fixed cost – Rs.79,200
16. From the following information prepare a cost sheet for the month of December 1985.

<b>Particulars</b>	<b>Rs.</b>
<b>Stock on hand - 1st Dec. 1985:</b>	
Raw materials	25,000
Finished goods	17,300
<b>Stock on hand - 31st Dec. 1985:</b>	
Raw materials	26,200
Finished goods	15,700
Purchase of raw materials	21,900
Carriage on purchases	1,100
Work-in-progress 1.12.85 at work cost	8,200
Work-in-progress 31.12.85 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

17. From the following Balance sheet calculate Current ratio, Liquid ratio, Debt-Equity ratio and Proprietary ratio.

<b>Balance Sheet</b>			
<b>Particulars</b>	<b>Rs.</b>	<b>Particulars</b>	<b>Rs.</b>
Share capital	5,00,000	Fixed assets	14,00,000
Reserves	3,00,000	Stock	5,00,000
6% Debentures	11,00,000	Debtors	2,00,000
Bank overdraft	1,00,000	Cash	1,00,000
Creditors	2,00,000		
	<u>22,00,000</u>		<u>22,00,000</u>

**Part- C**

*Answer any TWO questions*

*(2 x 20 =40 Marks)*

18. The following information relate to the trading activities of SS trader for the year ended 30<sup>th</sup> June 1999.

Sales	5,20,000
Purchases	3,22,250
Opening stock	76,250
Closing stock	98,500
sales returns	20,000
<b>Selling and distribution expenses</b>	
Salaries	15,300
Advertising	4,700
Travelling	2,000
<b>Administrative expenses:</b>	
Salaries	27,000
Rent	2,700
Stationery and postage	2,500
Depreciation	9,300
Other charges	16,500
Provision for taxation	40,000
<b>Non-Operating income:</b>	
Dividend on shares	9,000
Profit of sales of shares	3,000
<b>Non-Operating expenses:</b>	
Loss on sale of assets	4,000

*You are required to Gross profit ratio, operating ratio, operating profit ratio and net profit ratio.*

19. The following data have been extracted from the books of Mr. Kumar industries for the calendar year 2014.

Particulars	Rs.
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.

20. Prepare a trading and profit and loss account for the year ended 31<sup>st</sup> December 2015 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. Prepare a flexible budget for production at 50%, 70% and 100% capacity and determine the overhead rates on the basis of the following data **At 60% capacity**

**Variable overhead:**

Indirect material	6,000
Indirect labour	18,000

**Semi variable overhead**

Electricity (40% fixed)	30,000
Repairs (20% variable)	3,000

**Fixed overhead:**

Depreciation	16,500
Insurance	4,500
Salaries	15,000

Estimated direct labour hours 1, 86,000