



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Sc., B.A. DEGREE EXAMINATION – MATHS., STATS, ECONOMICS

THIRD SEMESTER – NOVEMBER 2016

CO 3204 - ACCOUNTING FOR MANAGERS

Date: 10-11-2016
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

Part - A

Answer All questions

(10 x 2 = 20 Marks)

1. State the meaning of Accounting.
2. Write a short note on Marginal Costing.
3. What is Cost Sheet?
4. What do you understand by Balance Sheet?
5. Classify the list of Current Assets
6. What is Net Profit?
7. What is the golden rule for Real Account?
8. Calculate the Gross profit ratio from the following figures:

Sales	Rs. 10,00,000
Purchases	Rs. 6,00,000
Sales returns	Rs. 1,00,000
Purchase returns	Rs. 1,50,000
Opening Stock	Rs. 2,00,000
Closing Stock	Rs. 65,000

9. Ascertain the value of Raw Materials purchased:

Materials consumed	Rs. 5,00,000
Opening stock of materials	Rs. 50,000
Closing stock of materials	Rs. 25,000

10. Compute the margin of the safety. Profit Rs: 2,25,000, P/V Ratio: 40%

Part - B

Answer any FOUR questions.

(4 x 10 = 40 Marks)

11. Discuss the advantages and disadvantages accounting.
12. Define Budgeting. Explain the objectives of budgeting .
13. Describe the different ways of classifying Ratios.
14. Draw up a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity:

Particulars	Per unit (Rs.)
Materials	100
Labour	50
Variable expenses (direct)	10
Administrative expenses (50% fixed)	40000
Selling and Distribution expenses (60% fixed)	50000
Present production (50% activity)	1000 units

15. Journalize the following transactions of Mr. Rahul & Sons

- 2005 - Jan-01 Paid salary Rs. 1,000
 Jan 05 - Cash deposited in to bank Rs. 2,000
 Jan 06 - Bought computer for Rs. 6,000
 Jan 10 - Paid travelling expenses Rs. 3,000
 Jan 11 - Sold goods Rs. 5,000
 Jan 12 - Cash withdrawn from bank Rs. 1,000
 Jan 15 - Received Cash from Kumar Rs: 8,000
 Jan 23 - Withdrawn cash for his personal use Rs. 2,000
 Jan 25 - Received commission Rs. 1,000
 Jan 31 - Paid to Mani Rs. 4,000

16. Position of Alfa Ltd. for the year 2006

Particulars	Rs.
Sales	2,00,000
Variable Overheads	1,50,000
Gross Profit	50,000
Fixed Overheads	15,000
Net Profit	35,000

From the above particulars, find out:

- a) Profit-volume ratio
- b) Break-even point
- c) Margin of safety from the sales of Rs. 3,00,000
- d) Net profit from the sales of Rs. 3,00,000
- e) Required sales for the net profit of Rs. 70,000
- f) Additional sales required to cover an increase of Rs. 3,000 per annum in the sales manager's salary.

17. Profit and loss account of ABC Ltd., is given below

Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
To Opening stock	2,00,000	By Sales	16,00,000
To Purchases	12,00,000	By Closing stock	3,20,000
To Administration expenses	1,20,000	By Dividend	4,000
To Selling expenses	80,000		
To Financial expenses	40,000		
To Loss on sale of assets	5,000		
To Net profit	2,79,000		
	19,24,000		19,24,000

Calculate profitability ratios.

Part - C

Answer any **TWO** questions

(2 x 20 = 40 Marks)

18. The following are the extract from the financial statements of JOB Ltd., as on 31-3-2011 and 2012 respectively.

Particulars	31-3-2011 Rs.	31-3-2012 Rs.
Stock	10,000	25,000
Debtors	20,000	20,000
Bills receivable	10,000	5,000
Advances (recoverable in cash)	2,000	-
Cash	18,000	15,000
Creditors	25,000	30,000
Bills payable	15,000	20,000
Bank overdraft	-	2,000
9% debentures	5,00,000	5,00,000
Sales for the year	3,50,000	3,00,000
Gross profit	70,000	50,000

You are required to compute for both the years

- (i) Current ratio
- (ii) Liquid ratio
- (iii) Stock turnover ratio
- (iv) Debtors turnover ratio
- (v) Gross profit ratio and
- (vi) Stock working capital ratio

19. The following data have been extracted from the books of Mr. Kumar industries:

Particulars	Rs.
Stock of raw materials on 1st Dec. 2010	75,000
Stock of raw materials on 31st Dec. 2010	91,500
Purchase of raw materials	66,000
Wages –direct	52,500
Wages – indirect	2,750
Sales	2,11,000
Opening work-in-progress	28,000
Closing work-in-progress	35,000
Factory rent, rates and power	15,000
Depreciation- Plant	3,500
Expense on purchase	1,500
Carriage outwards	2,500
Advertising	3,500
Office rent and taxes	2,500
Travellers wages and commission	6,500
Stock of finished goods (1st Dec. 2010)	54,000
Stock of finished goods (31st Dec. 2010)	31,000

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

20. A firm expects to have Rs. 30,000 on 1st May 2006 and requires you to prepare an estimate of the cash position during the 3 months May to July 2006. The following information is supplied to you.

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Factory expenses (Rs.)	Office expenses (Rs.)	Selling expenses (Rs.)
March	40,000	24,000	6,000	3,000	4,000	3,000
April	46,000	28,000	6,500	3,500	4,000	3,500
May	50,000	32,000	6,500	4,000	4,000	3,500
June	72,000	36,000	7,000	4,400	4,000	4,000
July	84,000	40,000	7,250	4,250	4,000	4,000

Other information:

- (i) 25% of the sale is for cash, remaining amount is collected in the month following that of sale.
- (ii) Suppliers supply goods on two months credit.
- (iii) Delay in payment of wages and all other expenses: One month.
- (iv) Income tax of Rs. 10,000 is due to be paid in July.
- (v) Preference share dividend of 10% on Rs. 1,00,000 is to be paid in May.

21. Prepare a Trading and Profit and Loss Account for the year ended 31st December 2015 and a Balance Sheet as on that date from the following trial balance of Mr. Micheal:

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