



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.A. & B.Sc. DEGREE EXAMINATION – ECONOMICS & MATHS

THIRD SEMESTER – APRIL 2016

CO 3204 - ACCOUNTING FOR MANAGERS

Date: 04-05-2016
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

Part - A

Answer All questions

(10x2= 20 Marks)

1. What is cost sheet?
2. 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
3. State the meaning of Journal.
4. What do you understand by double entry system of accounting?
5. Explain the term Break Even Point
6. From the following information, you are required to calculate P/V ratio and BEP
Total sales Rs.2,25,000
Total variable cost Rs.1,12,500
Total fixed cost Rs.67,500
7. Write a short note on prime Cost
8. Calculate the Raw material Consumed from the following information :
Raw material purchased 80,000
Sales of material scrap 1,000
Opening stock of raw materials 12,000
Closing stock of raw materials 21,000
9. What is Gross Profit?
10. What are the advantages of Marginal costing?

Part - B

Answer any FOUR questions.

(4x10= 40 Marks)

11. 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.

12. 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
13. Define Budgeting and Budget Control. Describe the advantages and Limitations of Accounting.
14. From the Following information, Calculate Contribution, P/V ratio, Break-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
15. Prepare Trial Balance for the following balances extracted from the ledger balance:
- | | |
|---------------------------------|----------|
| 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 |
16. What is marginal costing? Explain the importance of marginal costing in decision making?

17. From the following Balance sheet calculate

Current ratio, Liquid ratio, Debt-Equity ratio and Proprietary ratio

Balance Sheet

Particulars	Rs.	Particulars	Rs.
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		
	22,00,000		22,00,000

Part - C

Answer any TWO questions

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

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. 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

21. The following information relate to the trading activities of SS trader for the year ended 30th June 1999.

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

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