GALGOTIAS UNIVERSITY

ADMISSION NUMBER

School of Finance and Commerce

Bachelor of Commerce Honours
Summer Term Examination – July - August 2024

Duration : 180 Minutes
Max Marks : 100

Sem VI - H1UB601T - Accounting for Managers

General Instructions
Answer to the specific question asked
Draw neat, labelled diagrams wherever necessary
Approved data hand books are allowed subject to verification by the Invigilator

1)	What are cost drivers?	K1(2)
2)	Briefly explain the essentials of an effective budgetary control system.	K2(4)
3)	A company has fixed expenses of Rs. 90,000 with sales at Rs. 3,00,000 and a profit of Rs. 60,000. Calculate the profit/ volume ratio. If in the next period, the company suffered a loss of Rs. 30,000. Calculate the sales volume.	K2(6)
4)	Explore the diverse stakeholders who utilize financial statements and elaborate on the specific information each user group seeks from these statements.	K3(9)
5)	Apply your knowledge to explain the decision-making process of choosing between making or buying a product using the marginal costing technique.	K3(9)
6)	Explain the major Cash Inflows and outflows from financing activities with examples.	K5(10)
7)	Evaluate the limitations and challenges associated with ratio analysis.	K4(12)
8)	From the following information, formulate following ratio: Table a) Current ratio b) liquidity ratio c) gross profit ratio d) net profit ratio	K5(15)

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Balance-sheet of Prashant Ltd
As at 31/3/2006

Liabilities	**Rs**	**Assets**	**Rs**
Share capital:			6,10,000
Equity share capital of 10% each	4,00,000	Fixed Asset:	
1,000 12%		(Less: depreciation)	
Preference		Current asset:	
Shares of Rs 100 each	1,00,000	Stock in trade	1,60,000
Reserve and Surplus	1,00,000	Sundry debtors	1,20,000
12% Debentures	2,00,000	Bills receivable	25,000
Current Liabilities:		Cash in hand and bank	35,000
Creditors	1,20,000		
Bank OD	30,000		
	9,50,000		**9,50,000**

Revenue Statement
For the year ending 31/3/2006

Particulars	**Rs**	**Rs**
		7,30,000
Net sales (credit)		6,20,500
Cost of sales		**1,09,500**
Gross profit		
Administrative expenses		54,750
Selling and distribution expense	18,250	**54,750**
Operating profit (before tax)	36,500	25,550
Taxation		**29,200**
Operating profit (after tax)		

9) TATA Co. Ltd. is to start production on 1st January 2011. The prime cost of a unit is expected to be Rs. 40 (Rs. 16 per materials and Rs. 24 for labour). In addition, variable expenses per unit are expected to be Rs. 8 and fixed expenses per month Rs. 30,000. Payment for materials is to be made in the month following the purchase. One-third of sales will be for cash and the rest on credit for settlement in the following month. Expenses are payable in the month in which they are incurred. The selling price is fixed at Rs. 80 per unit. The number of units to be produced and sold is expected to be: January 900; February 1200; March 1800; April 2000; May 2,100June 2400 .Construct a Cash Budget indicating cash requirements from month to month. K5(15)

10) India Ltd. Manufactures a particular product, the standard direct labour cost of which is Rs. 120 per unit whose manufacture involves the following: Type of workers Hours Rate (Rs.) Amount (Rs.) A 30 2 60 B 20 3 60 50 120 During a period, 100 units of the product were produced, the actual labour cost of which was as follows: Type of workers Hours Rate (Rs.) Amount (Rs.) A 3,200 1.50 4,800 B 1,900 4.00 7,600 5,100 12,400. Evaluate: (1) Labour cost variance (2) Labour Rate variance (3) Labour Efficiency variance (4) Labour mix variance. K6(18)