

**UDHNA CITIZEN COMMERCE COLLEGE &  
S.P.B. COLLEGE OF BUSINESS ADMINISTRATION &  
SMT. DIWALIBEN HARJIBHAI GONDALIA COLLEGE OF BCA & IT  
(Self Financed)**

(Managed by Udhna Academy Education Trust)

214, Ranchhod Nagar, Opp. Swaminarayan Temple, Surat-Navsari Road, SURAT-394 210

**Class: T.Y.B.Com. (Sem. 6)**

**Subject: Advanced Accounting & Auditing 8**

**Accounting For Decision Making**

**PRACTICE QUESTIONS - 1**

- Q.1 Margin of Safety 25%, Profit Volume Ratio 30%, Fixed Cost Rs.180000, Find out actual sales and Net Profit.
- Q.2 Following information of Mahavir Ltd. is given to you.  
Margin of Safety 37.5%, Contribution Ratio 40%, Periodical Cost Rs.1250000  
Find out:  
1. Present Sales  
2. Present Profit
- Q.3 At 60% capacity Break even point of Kabir ltd. is Rs.3125,000, total contribution 1250000. Find out profit, if additional 40% capacity apply for production.
- Q.4 The Profit Volume Ratio of 'A' Co. is 40%. Company wants to increase the selling price by 20%, Variable cost have increased by 30%, but fixed costs have gone down from Rs.80000 to 70000. What will be the change in BEP?
- Q.5 Following information is obtained from Kaival Co. Ltd.
- | Year | Units | Result Rs.   |
|------|-------|--------------|
| 2018 | 10000 | 10000 loss   |
| 2019 | 15000 | 40000 profit |
- Calculate:  
1. Fixed cost  
2. Break even sales ( in units)
- Q.6 Following is the information for the year ended 31.3.22 of Kunj Ltd.  
Profit Volume Ratio 40%, Rate of profit on sales 25%, Cost of the present sales Rs.30,00,000.  
Calculate:  
1. Sales at Break even point.  
2. Profit or loss at the sales of Rs.20,00,000.  
3. Sales to earn a profit of Rs.12,00,0000.  
4. Sales when loss incurred is Rs.200000.  
5. Margin of safety in rupees and in percentage at a profit of Rs.500000.  
6. If the fixed cost reduces by Rs.50,000, variable cost reduces by 10% and selling price increases by 20%, find out new break even point.

7. If the variable cost increase by 25%, selling price increase by 20%, find out the sales required to earn 40% more profit than the present profit.

Q.7 Particular regarding Hardik Ltd. is as following:

Year	Sales Rs.	Result Rs.
2021	240000	24000 loss
2022	500000	80000 profit

Calculate:

1. Profit Volume Ratio.
2. Total variable cost for the year 2022.
3. Sales at Breakeven point.
4. Margin of Safety for the year 2022.
5. Actual sales when Margin of Safety is 25%
6. The amount of loss to the company if breakeven point sale is reduced by 20%.
7. Necessary sales for the year 2023 to earn 25% more profit than previous year.

Q.8 Information regarding Shri Datt Ltd. is as under:

Sales @ Rs.48 per unit 5000 units

Profit Volume Ratio 33 1/3%,

Margin of Safety 45%

Find out:

1. Fixed expenditure
2. Profit amount
3. If the excess profit of Rs.45000 is desired margin of safety in rupees.
4. If there is a decrease of 25% in variable cost, then new Break even point in rupees.
5. If there is an increase of 20% in sales units, profit in rupees.
6. If there is increase of 15% in fixed cost, by how many units would be Break even point be increase.
7. If there is an increase of 15% in fixed cost, decreases of Rs.2 in variable cost per unit, increase of Rs.2 in selling price per unit, how many units would be sold to earn 100% more profit.

Q.9 The cost volume profit relationship of a company is described by the equation  $y = Rs.250000 + 0.75x$  in which  $x$  presents sales revenue and  $y$  is the total cost of the sales volume represented by  $x$ .

Find out the following:

1. Profit Volume Ratio
2. Break even point
3. Company wants to earn a profit of Rs.50000 what will be the sales?
4. Increase in profit if sales increase by Rs.40000
5. Margin of safety at a profit of Rs.80000

Q.10 Following information is given:

Units of output 500000

Fixed cost Rs.750000

Variable cost per unit Rs.2

Selling price per unit Rs.5

Calculate:

1. Break even point
2. The sales required to earn profit of Rs.600000 in Rs. And in units.

3. The profit if 400000 units are sold at Rs.6 per units.

Q.11 Ganesh co. ltd. gives you the following information for the year 2019.

Break even point sales Rs.80000

Fixed cost Rs.32000

Earned Profit Rs.68000

Calculate the following:

1. Profit Volume Ratio
2. Sales of year 2019
3. If the sales is increased by 20%, find out profit.
4. If present selling price is reduced by 20%, then calculate the following:
  - I. New profit volume ratio
  - II. New Break even point sales.
  - III. Sales to earn 100% more profit than achieved in the year 2019.
5. If the selling price is increased by 20% and yet there is a loss of Rs.10000 than find out the sales.