



# LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

U.G. DEGREE EXAMINATION – ALLIED

FIRST SEMESTER – APRIL 2025



## UCO1AR01 – ACCOUNTING FOR MANAGERIAL DECISIONS

Date: 10-05-2025

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 PM

### SECTION A - K1 & K2 (CO1)

Q.No	Levels	Answer ALL the Questions	(10 x 2 = 20)
1	K1	Define Ratio Analysis.	
2		What is a Cost Sheet?	
3		What is Break Even Chart?	
4		What is ZBB?	
5		What do you understand by Capital Budgeting?	
6	K2	Describe the meaning of Solvency Ratios.	
7		What do you understand by overhead?	
8		Describe Margin of safety.	
9		Distinguish between fixed Budget and Flexible Budget.	
10		Write a short note on any two types of capital Budgeting Techniques.	

### SECTION B – K3 & K4 (CO2)

		<b>Answer ALL the Questions</b>	<b>(4 x 10 = 40)</b>																
11		You are given the following information: <table><tr><td></td><td>Rs</td></tr><tr><td>Cash</td><td>18,000</td></tr><tr><td>Debtors</td><td>1,42,000</td></tr><tr><td>Closing stock</td><td>1,80,000</td></tr><tr><td>Bills payable</td><td>27,000</td></tr><tr><td>Creditors</td><td>50,000</td></tr><tr><td>Outstanding expenses</td><td>15,000</td></tr><tr><td>Tax Payable</td><td>75,000</td></tr></table> <p>Calculate (a)Current Ratio (b)Liquidity Ratio (c)Absolute Liquidity Ratio</p> <p>[OR]</p>			Rs	Cash	18,000	Debtors	1,42,000	Closing stock	1,80,000	Bills payable	27,000	Creditors	50,000	Outstanding expenses	15,000	Tax Payable	75,000
	Rs																		
Cash	18,000																		
Debtors	1,42,000																		
Closing stock	1,80,000																		
Bills payable	27,000																		
Creditors	50,000																		
Outstanding expenses	15,000																		
Tax Payable	75,000																		
12	K3	Following are the details relating to the trading activities of A Ltd. Stock Velocity - 8 Months Debtors Velocity - 3 Months Creditors Velocity - 2 Months Gross Profit Ratio - 25 % Gross Profit for the year Rs 4,00,000, Bills Receivable Rs 25,000, and Bills Payable Rs 10,000. Closing Stock of the year is Rs 10,000 more than the Opening Stock. Find out (a) Sales (b) Debtors (c) Closing Stock and (d) Creditors.																	
13		Calculate (1) Prime Cost (2) Factory Cost (3) Cost of Production (4)Cost of Sales and (5)Profit from the following Particulars <table><tr><td></td><td>Rs</td></tr><tr><td>Direct Materials</td><td>1,00,000</td></tr><tr><td>Direct Wages</td><td>25,000</td></tr><tr><td>Direct Expenses</td><td>5,000</td></tr></table>			Rs	Direct Materials	1,00,000	Direct Wages	25,000	Direct Expenses	5,000								
	Rs																		
Direct Materials	1,00,000																		
Direct Wages	25,000																		
Direct Expenses	5,000																		

14

Wages of Foremen	2,500
Electric Power	500
Lighting:	
Factory	1,500
Office	500
Rent:	
Factory	5,000
Office	2,500
Salaries to salesmen	1,250
Advertising	1,250
Income Tax	10,000
Sales	1,89,500

[OR]

Draw a Statement of Cost from the following particulars:

	Rs
Opening Stock: Material	2,00,000
Work in Progress	60,000
Finished goods	5,000
Closing stock: Material	1,80,000
Work in Progress	50,000
Finished goods	15,000
Material Purchased	5,00,000
Direct Wages	1,50,000
Manufacturing expenses	1,00,000
Sales	8,00,000
Selling and distribution expenses	20,000

15

The sales and Profit for 2020 and 2021 are as follows:

Year	Sales (in Rs)	Profit (in Rs)
2020	1,50,000	20,000
2021	1,70,000	25,000

Find out: (a) P/V Ratio (b) BEP (c) Sales for a Profit of Rs 40,000 (d) Profit for Sales of Rs 2,50,000

[OR]

16

K4

A manufacturing Company finds that while cost of making a component part is Rs 10, the same is available in the market at Rs 9 with an assurance of continuous supply. Give your suggestion whether to make or buy this part. Give also your views in case the supplier reduces the price from Rs 9 to Rs 8. The cost information is as follows:

Material	Rs 3.50
Direct Labour	Rs 4.00
Other Variable Expenses	Rs 1.00
Fixed Expenses	Rs 1.50
	<u>Rs 10.00</u>

17

Prepare production budget from the following information:

Product	Estimated stock On 01-01-2007 (Units)	Estimated Sales during Jan to March 2017 (Units)	Desired Closing Stock on 31-03-2017 (Units)
R	2,000	10,000	3,000

S	3,000	15,000	5,000
U	4,000	13,000	3,000
P	3,000	12,000	2,000

[OR]

- 18 There are two mutually exclusive projects under active consideration of a company. Both the projects have a life of 5 years and have initial cash outlays of Rs. 1,00,000 each. The company pays tax at 50% rate and the maximum required rate of the company has been given as 10%. The straight-line method of depreciation will be charged on the projects. The projects are expected to generate a net cash inflow before taxes as follows:

year	Project X (Rs)	Project Y (Rs)
1	40,000	60,000
2	40,000	30,000
3	40,000	20,000
4	40,000	50,000
5	40,000	50,000

With the help of the above given information, you are required to calculate:

- (a) The Pay-back Period of each project  
(b) The Average Rate of Return for each project

On the basis of your calculations advise the company which project it should accept giving reasons.

### SECTION C – K5 & K6 (CO3)

Answer ALL the Questions

(2 x 20 = 40)

- 19 K5 Using the information and the form given below compute and form the Balance sheet items for a firm having sales of Rs 36,00,000

Sales / Total Assets	3
Sales / Fixed Assets	5
Sales /Current Assets	7.5
Sales /Inventories	20
Sales / Debtors	15
Current Ratio	2
Total Assets/Net worth	2.5
Debt / Equity	1

#### Balance Sheet

Liabilities	Rs	Assets	Rs
Net worth	?	Fixed Assets	?
Long term Debt	?	Inventories	?
Current Liabilities	?	Debtors	?
		Liquid Assets (others)	?

[OR]

- 20 The following details have been obtained from the cost records of Laxmi Ltd.

	Rs
Stock of raw materials on 1.12.2020	75,000
Stock of raw materials on 31.12.2020	91,500
Direct Wages	52,500
Indirect wages	2,750
Sales	2,11,000
Work-in-progress 1.12.2020	28,000
Work-in-progress 31.12.2020	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 (1.12.2020)	54,000
Stock of finished goods (31.12.2020)	31,000

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

- 21** **K6** Menaka Corporation Ltd has prepared the following budget estimates for the year 2022-2023.
- Sales - Rs 15,000  
Fixed Expenses - Rs 34,000  
Sales Value - Rs 1,50,000  
Variable Cost per unit - Rs 6 Per Unit
- You are Required to :
- Find P/V Ratio, B.E.P and Margin of Safety
  - Calculate the revised P/V Ratio, B.E.P and Margin of Safety in each of the following cases
    - Decrease of 10% in Selling Price
    - Increase of 10% in Variable Cost.

**[OR]**

- 22** Prepare a Flexible budget for overheads on the basis of the following data. Ascertain overhead rate at 50%,60% and 70% capacity.

	At 60% Capacity
	Rs
<b>Variable Overheads</b>	
Indirect material	6,000
Indirect labour	18,000
<b>Semi Variable Overheads</b>	
Electricity (40% Fixed, 60% Variable)	30,000
Repairs (80 % Fixed, 20 % Variable)	3,000
<b>Fixed Overheads</b>	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
<b>Total overhead</b>	93,000
<b>Estimated Labour Hours</b>	1,86,000

#####