# 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 | K1 | What is a Cost Sheet? |
| 3 | K1 | What is Break Even Chart? |
| 4 | K1 | What is ZBB? |
| 5 | K1 | What do you understand by Capital Budgeting? |
| 6 | K2 | Describe the meaning of Solvency Ratios. |
| 7 | K2 | What do you understand by overhead? |
| 8 | K2 | Describe Margin of safety. |
| 9 | K2 | Distinguish between fixed Budget and Flexible Budget. |
| 10 | K2 | Write a short note on any two types of capital Budgeting Techniques. |
| | | **SECTION B – K3 & K4 (CO2)** |
| | | **Answer ALL the Questions** (4 x 10 = 40) |

**11** (K3) You are given the following information:

| | 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 |

Calculate (a)Current Ratio (b)Liquidity Ratio (c)Absolute Liquidity Ratio

[OR]

**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

| | Rs |
|---|---|
| Direct Materials | 1,00,000 |
| Direct Wages | 25,000 |
| Direct Expenses | 5,000 |

| | |
|---|---|
| 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]**

14 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 |
| | Rs 10.00 |

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 :

1. Find P/V Ratio, B.E.P and Margin of Safety
2. Calculate the revised P/V Ratio, B.E.P and Margin of Safety in each of the following cases
   a) Decrease of 10% in Selling Price
   b) 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 |
| **Variable Overheads** | |
| Indirect material | 6,000 |
| Indirect labour | 18,000 |
| **Semi Variable Overheads** | |
| Electricity (40% Fixed, 60% Variable) | 30,000 |
| Repairs (80 % Fixed, 20 % Variable) | 3,000 |
| **Fixed Overheads** | |
| Depreciation | 16,500 |
| Insurance | 4,500 |
| Salaries | 15,000 |
| **Total overhead** | 93,000 |
| **Estimated Labour Hours** | 1,86,000 |

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