

# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



## B.Sc. DEGREE EXAMINATION – MATHEMATICS

SECOND SEMESTER – APRIL 2022

### 16/17/18UCO2AL01 – ACCOUNTING FOR DECISION MAKING

Date: 27-06-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

#### PART – A

**Q. No Answer ALL questions**

**(10 x 2 = 20 Marks)**

- 1 Pass journal: Mr. Joseph bought a mobile phone for Rs.24,500 through Amazon (online).
- 2 Write a note on rent outstanding.
- 3 What is revaluation account?
- 4 Define the term goodwill.
- 5 List out the liquidity ratios.
- 6 What is meant by working capital?
- 7 Draw the different elements of cost.
- 8 State the meaning for the term quotation.
- 9 Give the examples for variable cost.
- 10 Draw a break-even chart.

#### PART – B

**Answer any FOUR questions**

**(4 x 10 = 40 Marks)**

- 11 Draw the format of Trading Account and Profit & Loss Account.
- 12 Journalize the following transactions and prepare Cash A/c:

1	Purchased goods for cash	Rs. 10,000
2	Purchase stationery for cash	Rs. 500
3	Good sold to Jane for cash	Rs. 3,000
4	Good sold to James	Rs. 2,000
5	Paid Rent	Rs. 500
6	Received interest	Rs. 1,500
7	Installation charges for machines	Rs. 1,700
8	Paid Salary	Rs. 7,500
9	Cash received from James (Full Settlement)	Rs. 1,900
10	Advertisement charges paid	Rs. 2,400

- 13 Selling Price per unit Rs.10; Variable Cost per unit Rs.8; Fixed Cost Rs.80,000; No. of units sold-1,00,000 units. Prepare marginal cost statement and find out (i) P/V Ratio (ii) Break Even Point and (iii) Margin of Safety and (iv) Margin of Safety in percentage.

- 14 If the current ratio is 2.5; liquid ratio is 1.5 and its working capital Rs.90,000 then determine the value of (i) Current Assets; (ii) Current Liabilities; (iii) Liquid Assets and (iv) Stock.
- 15 The following is the Balance Sheet of Salman Industries Limited for the year ended 31.12.2021:

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share Capital	1,00,000	Goodwill	60,000
Reserves	20,000	Plant	1,40,000
Profit & Loss A/c	30,000	Stock	30,000
Loan	80,000	Debtors	30,000
Creditors	50,000	Bills Receivable	10,000
Outstanding expenses	20,000	Cash	30,000
<b>Total</b>	<b>3,00,000</b>	<b>Total</b>	<b>3,00,000</b>

Other details are: Total sales Rs. 12,00,000; Total Purchases Rs.10,00,000; Closing stock Rs.30,000; Gross Profit Rs.68,000 and Net Profit Rs.30,000. Comment on the liquidity and solvency positions of the company.

- 16 A factory produces 100 units of a commodity in the month of September 2021. The cost of production is:

Details	Rs.	Details	%
Direct Materials	1,000	Factory overheads	125% on wages
Direct Wages	500	Office overheads	20% on works cost
Direct Expenses	100	Profit	25% on sales

Calculate the price to be fixed per unit by preparing a cost sheet.

- 17 Briefly explain the applications of marginal costing in managerial decision making.

**PART – C**

Answer any TWO questions.

(2 x 20 = 40 Marks)

- 18 Give a specimen of cost sheet and explain the different items included in the cost sheet.
- 19 Prepare a Trading and Profit & Loss account for the year ended 31st December 2021 and a Balance Sheet as on that date from the following Trial Balance of Mr. Rehman:

Name of the Accounts	Rs.	Name of the Accounts	Rs.
Drawings	45,000	Capital	1,60,000
Goodwill	90,000	Bills payable	35,000
Buildings	60,000	Creditors	70,000
Machinery	40,000	Purchase return	2,650
Bills receivable	6,000	Sales	2,18,000
Opening stock	40,000		
Purchases	51,000		
Wages	26,000		
Carriage outwards	500		

Carriage inwards	1,000		
Salaries	35,000		
Rent	3,000		
Discount	1,100		
Repairs	2,300		
Bank	25,000		
Cash	1,600		
Debtors	45,000		
Bad debts	1,200		
Sales return	2,000		
Furniture	6,000		
Advertisement	3,500		
General expenses	450		
<b>Total</b>	<b>4,85,650</b>	<b>Total</b>	<b>4,85,650</b>

**Adjustment:**

Closing stock was Rs. 35,000

Depreciation on machinery and furniture by 10%

Outstanding wages Rs. 1,500

Prepaid advertisement Rs. 500

Create 5% on debtors for bad debts as provision.

- 20 The sales and profit for 2020 and 2021 are as follows:

Year	Sales	Profit
2020	Rs.140,000	Rs.15,000
2021	Rs.160,000	Rs.20,000

Find out: (a) Fixed Cost; (b) Profit Volume Ratio; (c) Break Even Point; (d) Margin of Safety for 2021; (e) Sales for the profit of Rs.40,000 and (f) Profit when the sales of Rs.1,20,000.

- 21 Explain the accounting procedures for admission of partner in a partnership firm.

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