LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Sc. DEGREE EXAMINATION – **MATHEMATICS**

SECOND SEMESTER – **APRIL 2025**

17UCO2AL01 – ACCOUNTING FOR DECISION MAKING

Date: 05-05-2025 Dept. No. Max. : 100 Marks

Time: 09:00 AM - 12:00 PM

SECTION A

Answer ANY FOUR of the following **4 x 10 = 40**

1. Explain the following
   a) Purchase
   b) Closing Stock
   c) Outstanding Expenses
   d) Income received in Advance

2. Prepare Trading and Profit and Loss account from the information given below.

Particulars	₹	Particulars	₹
Opening stock	3,600	Rent (factory)	400
Purchases	18,260	Rent (office)	500
Wages	3,620	Sales returns	700
Closing stock	4,420	Purchases returns	900
Sales	32,000	General expenses	900
Carriage on purchases	500	Discount to customers	360
Carriage on sale	400	Interest from bank	200

3. Explain various types of Ratio.

4. A company manufactures and sells a product at ₹ 200 per unit. The cost structure for producing and selling 1,000 units is as follows:

- Direct Material: ₹ 40,000
- Direct Labor: ₹ 30,000
- Factory Overheads: ₹ 20,000
- Selling and Distribution Expenses: ₹ 10,000
- Administrative Expenses: ₹ 5,000

a) Compute the total cost per unit.
b) If the company wants to earn a profit of ₹ 50,000, determine the number of units that need to be sold to achieve the target profit.

5. XYZ Ltd. is preparing a quotation for a tender. The company is required to submit its cost details for a special project that will last 3 months. The following data is available:

- Direct Materials (for 3 months): ₹ 30,000
- Direct Labor (for 3 months): ₹ 20,000
- Fixed Overhead (for 3 months): ₹ 18,000
- Variable Overhead: ₹ 4 per unit of production
- Expected units to be produced: 10,000 units
- Selling Price per unit: ₹ 80

Additionally, XYZ Ltd. has 5,000 units in opening stock, and it is expected that 3,000 units will remain in stock at the end of the project.

a) Prepare the cost statement for the project considering the treatment of opening and closing stock.
b) Based on the above, prepare the quotation price per unit for the tender. Include all relevant costs and profits

6. What are the different types of costs under each element, and how are they treated in cost accounting?

7. A company produces a product with the following cost structure:

- Selling Price per unit: ₹ 150
- Variable Cost per unit: ₹ 90
- Total Fixed Costs: ₹ 120,000

a) Calculate the break-even point in units.
b) If the company expects to sell 2,500 units, calculate the expected profit

8. ABC Limited is a manufacturing company that produces consumer electronics.

- Sales = ₹ 10,00,000
- Cost of Goods Sold (COGS) = ₹ 7,50,000
- Opening Inventory = ₹ 1,50,000
- Closing Inventory = ₹ 2,00,000
- Debtors (Accounts Receivable) = ₹ 1,00,000
- Credit Sales = ₹ 8,00,000
- Opening Working Capital = ₹ 3,00,000
- Closing Working Capital = ₹ 3,50,000

Calculate the following ratios

1. Inventory Turnover Ratio
2. Debtors Turnover Ratio
3. Working Capital Turnover Ratio

SECTION B

Answer ANY THREE of the following **3 x 20 = 60 Marks**

9. Prepare Final Accounts from the following details.

Particulars	Debit (Rs)	Credit (Rs)
Capital		40,000
Sales		25,000
Purchases	15,000	
Salaries	2,000	
Rent	1,500	
Insurance	300	
Drawings	5,000	
Machinery	28,000	
Bank balance	4,500	
Cash	2,000	
Stock 1-1-2022	5,200	
Debtors	2,500	
Creditors		1,000
	66,000	66,000

Adjustments:

a) Stock on 31.12.2022 – ₹ 4900 , B)Salaries unpaid ₹ 300

C) Rent paid in advance ₹ 200 & d) Insurance Prepaid ₹ 9010.

10. Explain the accounting procedure for admission of a partner.

11. X, Y, and Z are partners sharing profits and losses in the ratio 5:3:2. On 1st April 2025, Z decides to retire from the partnership. The new profit-sharing ratio between X and Y will be 3:2. The balance sheet of the firm on 1st April 2025 is as follows:

Cash: ₹10,000

Debtors: ₹20,000

Stock: ₹30,000
Fixed Assets: ₹40,000
Creditors: ₹25,000
Capital Accounts:

X: ₹35,000

Y: ₹25,000

Z: ₹20,000

Prepare the necessary journal entries for the reconstitution, the capital account of Z, and the balance sheet after the reconstitution.

12. Discuss the differences between **direct costs** and **indirect costs**. How are they classified in cost accounting?

13. A2Z Limited is a manufacturing company operating in the consumer goods industry. The financial data provided for the year ended 31st March 2025 is as follows:

- Current Assets: ₹ 2,50,000
- Current Liabilities: ₹ 1,50,000
- Liquid Assets (Cash, Bank, and Receivables): ₹ 1,80,000
- Inventory: ₹80,000
- Debtors (Receivables): ₹ 1,00,000
- Creditors (Payables): ₹ 90,000
- Fixed Assets: ₹ 3,00,000
- Net Worth (Equity Capital + Reserves & Surplus): ₹ 5,00,000
- Long-Term Debt: ₹ 2,00,000
- Total Sales: ₹ 12,00,000
- Cost of Goods Sold: ₹ 7,50,000
- Working Capital: ₹ 1,00,000

Calculate the various Liquidity Ratios, Leverage Ratios, and Turnover Ratios.

14. A company manufactures a product with the following cost structure:

- Selling Price per unit: ₹ 250
- Variable Cost per unit: ₹ 120
- Fixed Costs: ₹ 200,000

The company has the option of purchasing a new machine, which would reduce the variable cost per unit to ₹100. The machine will cost ₹50,000.

a) Calculate the break-even point in units and sales value before purchasing the machine.
b) Calculate the new break-even point in units and sales value after purchasing the machine.
c) Determine whether the company should purchase the machine if it expects to sell 3,000 units. Justify your answer using the contribution margin

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