



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.A. DEGREE EXAMINATION – ECONOMICS

THIRD SEMESTER – NOVEMBER 2017

16UCO3AL02 - ACCOUNTING FOR ECONOMISTS

Date: 11-09-2017
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

Part - A

Answer All questions

(10x2= 20 Marks)

1. State the methods of payment of wages.
2. Write a note on EOQ.
3. Find out the value of stock under FIFO
Opening stock: 400 units @ Rs. 10 per unit
Purchase : 500 units @ Rs. 11 per unit
Issue : 600 units
4. The following information relates to a production department of a factory
Production overhead Rs. 40,000
Machine hours 10,000
Calculate the machine hour rate.
5. Find out the net cash from investing activities from the following
Sale of fixed assets 2,00,000
Purchase of fixed assets 1,00,000
Issue of shares for cash 2,00,000
6. Write the meaning of 'Break even point'
7. State the significance of preparing cash flow statement.
8. State the meaning of non current liabilities.
9. Sales Rs.50,000; fixed cost Rs.10,000 profit Rs. 5,000 calculate variable cost.
10. Calculate P/V ratio from the following particulars: Sales- Rs. 2,00,000, Variable Costs- Rs.1,20,000 and Fixed costs – Rs.40,000.

Part - B

Answer any FOUR questions.

(4x10= 40 Marks)

11. What are the features of good wage system?
12. From the following balance sheet as on 31st December, prepare a cash flow statement.

Liabilities	31-12-2015	31-12-2016	Assets	31-12-2015	31-12-2016
Share capital	1,00,000	1,50,000	Fixed assets	1,00,000	1,50,000
P & L A/c	50,000	80,000	Goodwill	50,000	40,000
General reserve	30,000	40,000	Inventories	50,000	80,000
16% Bonds	50,000	60,000	Debtors	50,000	80,000
Sundry creditors	30,000	40,000	Bills receivables	10,000	20,000
Outstanding expenses	10,000	15,000	Bank	10,000	15,000
	2,70,000	3,85,000		2,70,000	3,85,000

13. A firm maintains its store ledger on the FIFO method. During the Month of January 1998 the following receipts and issues of materials were made. Record these transactions in the stores ledger.

Receipts

- Jan. 1 Balance 50 units @ Rs.4 per unit.
- Jan. 5 Purchase order No 10, 40 units @ Rs.3 per unit.
- Jan. 8 Purchase order No 12, 30 units @ Rs.4 per unit.
- Jan.15 Purchase order No 11, 20 units @ Rs.5 per unit.
- Jan.26 Purchase order No 13, 40 units @ Rs.3 per unit.

Issues

- Jan. 10 Material Requisition No. 4, 70 units.
- Jan. 12 Material Requisition No. 5, 10 units.
- Jan. 20 Material Requisition No. 6, 20 units.
- Jan. 24 Material Requisition No. 7, 10 units.
- Jan. 27 Shortage 5 units.

14. From the particular given below calculate:

- (a) Break even point
- (b) Profit or loss when sales are Rs.12,000 and
- (c) Sales required to earn a profit of Rs.5,000

Period	Sales (Rs.)	Profit /Loss
I	10,000	-500
II	14,000	1,500

15. From the following particulars, calculate the earnings of workers A and B under piece rate system and Taylor’s differential piece rate system.

Normal time rate per hour – re.1.80

Standard time per unit – 20 seconds.

Differential to be applied.

80% of piece rate when below standard.

120% of piece rate at or above standard.

In a day of 8 hours A produced 1300 units; B produced 1500 units.

16. Explain the advantages and limitations of marginal costing.

17. Give the format of statement of profit and loss and balance sheet as per revised schedule III.

Part - C

Answer any TWO questions

(2 x 20 = 40 Marks)

18. Moon Co. Ltd. with an authorised capital of Rs. 5,00,000 divided into 5,000 equity shares of Rs. 100 each on 31.12.2015 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2015.

Trail balance of Moon co.Ltd.

Debit	Rs.	Credit	Rs.
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit & Loss A/c	6,220
Discount Allowed	4,200	Creditors	35,200
Insurance (up to 31.3.2016)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls-in-arrears	5,000		
	6,60,270		6,60,270

You are required to prepare statement of profit and loss for the year ended 31.12.2015 and a balance sheet as on that date. The following information is given.

- Closing stock was valued at Rs.1,91,500
- Depreciation on plant at 15 % and on furniture at 10% should be provided.
- A tax provision of Rs. 8,000 is considered necessary.
- The directors declared an interim dividend on 15.8.2015 for 6 months ending June 30, 2015 @ 6%.
- Provide for corporate dividend tax @ 17%

19. From the flowing balance sheets of Ponni Ltd. make out the statement of cash flow,
Balance sheets

Liabilities	2014 Rs.	2015 Rs.	Assets	2014 Rs.	2015 Rs.
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% Redeemable pref. Share capital	1,50,000	1,00,000	Land & Building	2,00,000	1,70,000
General reserve	40,000	70,000	Plant	80,000	2,00,000
P & L A/c	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivable	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for taxation	40,000	50,000	Cash in bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional information:

- Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on plant and land and buildings account respectively in 2015.
- An interim dividend of Rs 20,000 has been paid in 2015.
- Income tax Rs. 35,000 was paid during the year 2015.

20. Shiva Ltd has three production departments A, B and C and two services departments X and Y. The following particulars are available for the month of March 2010 concerning the organisation.

Particulars	Rs.
Rent	15,000
Municipal taxes	5,000
Electricity	2,400
Indirect wages	6,000
Power	6,000
Depreciation on Machinery	40,000
Canteen expenses	30,000
Other labour related costs	10,000
	1,14,400

The following further details are also available:

Particulars	Total	A	B	C	X	Y
Floor Space (Sq.Mts.)	5,000	1,000	1,250	1,500	1,000	250
Light points	240	40	60	80	40	20
Direct wages (Rs.)	40,000	12,000	8,000	12,000	6,000	2,000
Horse power of machines	150	60	30	50	10	-
Cost of Machines (Rs.)	2,00,000	48,000	64,000	80,000	4,000	4,000

The expenses of service departments are to be allocated in the following manner:

	A	B	C	X	Y
X	20%	30%	40%	-	10%
Y	40%	20%	30%	10%	-

You are requested to calculate the total overhead of the three production departments.

21. Show the stores ledger entries as they would appear when using (1) the weighted average method (ii) the LIFO method of pricing issues.

April	Particulars	Units	Value (Rs.)
1	Balance in hand b/f	300	600
2	Purchased	200	440
4	Issued	150	-
6	Purchased	200	460
11	Issued	150	-
19	Issued	200	-
22	Purchased	200	480
27	Issued	250	-

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