



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.A. DEGREE EXAMINATION – ECONOMICS

THIRD SEMESTER – APRIL 2018

16UCO3AL02- ACCOUNTING FOR ECONOMISTS

Date: 03-05-2018
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

SECTION – A

Answer ALL the Questions

(10 X 2=20)

1. State any four objectives of Material Control.
2. How do you calculate “Cost of material consumed”?
3. Write a short note on Funds from operation.
4. State any two differences between cash flow statement and fund flow statement.
5. Find out Economic Order Quantity from the following particulars:
Annual usage : 1600 units
Cost of material per unit : Rs 40 per unit
Cost of placing and receiving one order is Rs 50 and annual carrying cost of inventory is 10% of inventory value.
6. List out any five methods of pricing material issues.
7. What is meant by labour cost?
8. Ascertain bonus under Halsey Plan:
Standard Time : 15 Hours
Actual Time : 10 Hours
Time rate : Rs 2 per Unit.
9. Sales Rs 20,000
Fixed cost Rs 4,000
Break even Point Rs 10,000
Calculate (a) P/V Ratio (b) Profit
10. Calculate BEP in units and value for the following:
Total Cost Rs 50,000
Total variable Cost Rs 30,000
Sales(5000 units) Rs 50,000

SECTION - B

Answer any **FOUR** questions

(4 X 10 = 40)

11. From the following balance sheets you are required to prepare a Cash flow statement:

Liabilities	2015 Rs	2016 Rs	Assets	2015 Rs	2016 Rs
Share capital	3,00,000	3,50,000	Land	70,000	86,000
Profit and loss A/c	20,000	33,000	Stock	90,000	1,00,000
Current liabilities	90,000	65,000	Debtors	1,20,000	1,15,000
			Cash	1,30,000	1,47,000
	4,10,000	4,48,000		4,10,000	4,48,000

12. a) Find out EOQ from the following Particulars:
Annual usage : 6000 units
Cost of material per unit : Rs 20
Cost of placing and receiving one order : Rs 60. Annual carrying cost of one unit : 10% of inventory value.
- b) From the following information, calculate:
- a) Maximum stock level
 - b) Minimum stock level
 - c) Re-order level
 - d) Average stock level

Minimum consumption - 240 units per day
 Maximum consumption - 420 units per day
 Normal consumption - 300 units per day
 Re order quantity – 3600 units
 Re order period 10-15 days
 Normal re-order period- 12 days.

13 From the particulars given below write-up the stores ledger card:
 2015

January 1 opening stock 1000 units at Rs 26 each
 5 purchased 500 units at Rs 24.50 each
 7 issued 750 units
 10 purchased 1500 units at Rs 24 each
 12 issued 1100 units
 15 purchased 1000 units at Rs 25 each
 17 issued 500 units
 18 issued 300 units
 25 purchased 1500 units at Rs 26 each
 29 issued 1500 units

Adopt FIFO method of issue and ascertain the value of closing stock.

14. XYZ corporation Ltd., has prepared the following budget estimates for the year 2015-2016:

Sales units - Rs 15000
 Fixed expenses - Rs 34000
 Sales value - Rs Rs 1,50,000
 Variable cost - Rs 6 per unit

You are required to:

- i) Find P/V ratio, BEP and margin of safety.
- ii) Calculate the revised P/V ratio, BEP and margin of safety in each of the following cases.
 - a) Decrease of 10% in selling price.
 - b) Increase of 10% in variable costs.

15. A Factory has three service departments L, M and N and two production departments X and Y. The following are the expenses allocated and apportioned to the departments as per primary distribution summary.

L (Rs)	M (Rs)	N (Rs)	X (Rs)	Y (Rs)
10000	8000	12000	30000	40000

The following additional information is also available on the basis of a detailed analysis made.

	Service departments			Production departments	
	L	M	N	X	Y
L's service used	-	20%	30%	30%	20%
M's service used	-	-	40%	30%	30%
N's service used	-	-	-	60%	40%

Prepare a statement showing apportionment of service department overheads under the step method.

16 a) Calculate the normal and overtime wages payable to a workman from the following data:

Days	Hours worked
Monday	8
Tuesday	12
Wednesday	10
Thursday	10
Friday	9
Saturday	4
	53

Normal working hours – 8 Hrs per day: on Saturday – 4 Hrs

Normal rate Rs 2 per hour.

Over time rate – upto 9 Hrs in a day at single rate and over 9 hrs in a day at double rate. Or upto 48 hours in a week at single rate and over 48 hrs at double rate, whichever is more beneficial to the worker

b) Calculate the earnings of the workers X and Y under Taylor's differential piece rate system from the following details:

Standard time per unit = 12 minutes

Standard rate per hour = Rs 60

Differentials to be used 80% and 120%

In a particular day of 8 hours, worker X produced 30 units and worker Y produced 50 units.

17. a) 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 incase 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

- b) From the following particulars, prepare stores ledger by adopting weighted average method of pricing of material issues.

Date	Receipts	Issues
2010 Jan 1	300 units at Rs 10 per unit	
10	200 units at Rs 12 per unit	
12	400 units at Rs 11 per unit	
15		250 units
16		150 units
18	200 units at Rs 14 per unit	
20		300 units
22	300 units at Rs 15 per unit	
25	100 units at Rs 16 per unit	
27		200 units
31		100 units

SECTION C

Answer any **TWO** questions

(2 X 20 = 40)

18. XYZ Co. Ltd is a company with an authorized capital of Rs 5,00,000 divided into 5,000 equity shares of Rs 100 each on 31-12-1985 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31-12-1985.

Trial balance of XYZ 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 and loss a/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (upto 31.3.86)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	
Rent	6,000	Share capital	15,700
General expenses	8,950		2,50,000
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 31-12-1985 and a balance sheet as on that date. The following further information is given.

- a) Closing stock was valued at Rs 1,91,500
- b) Depreciation on plant at Rs 15% and on furniture at 10% should be provided.
- c) A tax provision of Rs 8000 is considered necessary.
- d) The directors declared an interim dividend on 15.8.85 for 6 months ending June 30,1985@ 6%.
- e) Provide for corporate dividend tax @17%.

19. Kamesh Ltd.,has three production departments A,B and C and two service departments D and E.The following figures are extracted from the records of the company

- Rent and rates Rs 5000
- Indirect Wages Rs 1500
- Depreciation of Machinery Rs 10000
- General Lighting Rs 600
- Power Rs 1500
- Sundries Rs 10000

Following further details are available:

	Total	A	B	C	D	E
Floor space in square feet	10000	2000	2500	3000	2000	500
Light points	60	10	15	20	10	5
Direct wages(Rs)	10000	3000	2000	3000	1500	500
H.P of machines	150	60	30	50	10	-
Value of machinery(Rs)	250000	60000	80000	100000	5000	5000

Apportion the cost to various departments on the most equitable basis by preparing a primary departmental distribution summary.

20. a) From the following particulars, calculate earnings of a worker under:

- i) Time rate system
- ii) Piece wage rate
- iii) Halsey plan
- iv) Rowan plan

- Wage rate Rs 2 per hour
- Production per hour- 4 units
- Dearness allowance- Re 1 per hour
- Standard time fixed- 80 hours
- Actual time taken-50 hours
- Production 250 units

b)The sales turnover and profit during two years are as follows:

Year	Sales (Rs.)	Profit (Rs.)
2006	140,000	15000
2007	160,000	20000

Calculate:

- (a) P/V ratio.
- (b) Breakeven point.
- (c) Sales required to earn a profit of Rs.40, 000.
- (d) Fixed expenses and
- (e) Profit when sales are Rs.1, 20,000.

21. Draw a stores ledger card recording the following transactions under a) FIFO and b)LIFO

Method
2010

- July 1 opening stock 2000 units at Rs 10 each.
- 5 Received 1000 units at Rs 11 each.
- 6 issued 500 units.
- 10 Received 5000 units at Rs 12 each.
- 12 Received back 50 units out of the issue made on 6th July.
- 14 Issued 600 units.
- 18 Returned to supplier 100 units out of the issue made on 5th July.
- 19 Received back 100 units out of the issue made on 14th July.
- 20 Issued 150 units.
- 25 Received 500 units at Rs 14 each.
- 28 Issued 300 units.

The stock verification report reveals that there was a shortage of 10 units on 18th July and another shortage of 15 units on 26th July.

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