

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.A.DEGREE EXAMINATION –ECONOMICS

FIRST SEMESTER – APRIL 2018

CO 1102– ACCOUNTING FOR ECONOMISTS

Date: 28-04-2018
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

PART A

Answer all the questions:

(10x2=20)

1. What is balance sheet?
2. Mention the significance of differential piece rate.
3. Write the meaning of decentralised purchasing.
4. What is inventory?
5. List out any two advantages of marginal costing.
6. What is cash flow statement?
7. Calculate EOQ from the following particulars: Annual usage: 1,20,000, Cost of placing and receiving one order: Rs.60. and Annual carrying cost: 10% of inventory value.
8. Mr.Drauid a worker in a factory is paid on time basis. During the month of September 2011 he has worked for 180 hours. His hourly wage rate is Rs. 120 per hour. Calculate the wages of Mr.Drauid for the month of September 2011.
9. Find the overtime hours and overtime wages from the following:
Actual hours worked: 55, Normal working hours: 48 and Normal wage rate: Rs.50 per hour.
10. Calculate P/V ratio from the following particulars:

| Year | Sales (Rs.) | Profit (Rs.) |
|------|-------------|--------------|
| 2010 | 1,40,000 | 15,000 |
| 2011 | 1,60,000 | 20,000 |

PART B

Answer any four questions

(4x10=40)

11. Explain the methods of wage payment.
12. Explain the significance of preparing Cash Flow Statement.
13. What is financial statement? Explain the objectives of financial statement.

14. Nadan manufacturers Ltd, have three production departments A,B,C and two service departments P and Q, the details pertaining to which are as under:

| Particulars | A | B | C | P | Q |
|------------------------|--------|--------|--------|-------|-------|
| Direct wages | 12,000 | 8,000 | 12,000 | 6,000 | 2,000 |
| Value of machine (Rs.) | 48,000 | 64,000 | 80,000 | 4,000 | 4,000 |
| H.P. of machine | 60 | 30 | 50 | 10 | - |
| Light points | 40 | 60 | 80 | 40 | 20 |
| Floor area (Sq. feet) | 1,000 | 1,250 | 1,500 | 1,000 | 250 |

The following figures extracted from the accounting records are relevant: Rent Rs.15,000, Electricity Rs.2,400, Indirect wages Rs. 6,000, Power Rs.6,000, Depreciation on machines Rs.40,000 and Other labour related costs Rs.10,000. Prepare a statement showing the distribution of overheads to the respective departements.

15. Standard time allowed for a job is 150 hours. The hourly rate of wage is Rs. 50 per hour worked. The actual time taken by the worker was 130 hours. Calculate the total wages on the basis of: (a) Time basis, (b) Halsey premium basis, (c) Halsey weir plan and (d) Rowan's bonus plan.

16. Two components X and Y are used as follows:

Normal usage: 600 units per week each

Maximum usage: 900 units per week each

Minimum usage: 300 units per week each

Reorderquantity: X- 4,800 units , Y- 7,200 units

Reorder period: X- 4 to 6 weeks, Y- 2 to 4 weeks.

Calculate for each component:

Reorder level (b) Minimum Level (c) Maximum level (d) Average stock level.

17. From the following information relating to Pandian Bros. Ltd., you are required to compute: (a) P/V Ratio, (b) Break even point, (c) Profit, (d) Margin of Safety and (e) Volume of sales to earn profit of Rs.6,000.

| Particulars | Rs. |
|----------------------|--------|
| Total fixed costs | 4,500 |
| Total variable costs | 7,500 |
| Total sales | 15,000 |

PART C

Answer any two questions:

(2x20=40)

18. Surya 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 31/12/2003 of which 2,500 shares were called up. The following are the balances extracted from the ledger as on 31/12/2003.

Trial balance of Surya 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 |
| Preliminary expenses | 4,200 | Creditors | 35,200 |
| Insurance (up to 31/3/04) | 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 | | |
| Total | 6,60,270 | Total | 6,60,270 |

Prepare final accounts for the year ended 31/12/2003. The following further information is given:

- (a) Closing stock was valued at Rs. 1,91,500.
- (b) Depreciation on plant at 15% and on furniture at 10% should be provided.
- (c) Write off preliminary expenses.
- (d) Transfer Rs.10, 000 to general reserve.

19. Prepare stores ledger account under LIFO and FIFO method from the following information:

1st July 2010- opening stock 300 unit at Rs. 10 each

5th July- received 200 units at Rs. 12 each

6th July – received 400 units at Rs.11 each.

10th July- issued 250 units

14th July - issued 150 units

18th July – received 200 units at Rs. 14 each.

19th July – issued 300 units.

20th July – received 300 units at Rs. 15each.

25th July- received 100 units at Rs. 16 each

28th July- issued 300 units.

20. From the following balance sheet as on 31st December, 2010 and 31st December 2011, you are required to prepare Cash Flow Statement:

| Liabilities | 2010 (Rs.) | 2011(Rs.) | Assets | 2010 (Rs.) | 2011(Rs.) |
|------------------------------|------------|-----------|--------------|------------|-----------|
| Share capital : | 70,000 | 74,000 | Bank balance | 9,000 | 7,800 |
| Bonds | 12,000 | 6,000 | Goodwill | 10,000 | 5,000 |
| Reserves & Surplus | 10,000 | 10,500 | Inventories | 49,100 | 43,700 |
| Provision for doubtful debts | 700 | 800 | Debtors | 14,900 | 17,500 |
| Sundry creditors | 10,300 | 12,700 | Land | 20,000 | 30,000 |
| Total | 1,03,000 | 1,04,000 | Total | 1,03,000 | 1,04,000 |

Following additional information has been supplied to you:

- (a) Dividends amounting to Rs.5,000 were paid during the year 2010.
- (b) Land was purchased for Rs. 10,000.
- (c) Rs.5, 000 were written off on goodwill during the year.
- (d) Bonds of Rs.6, 000 were paid during the course of the year.

21. (a) Explain the salient features of marginal costing.

(b) Explain the following terms:

- (i) Variable cost
- (ii) Break Even Sales
- (iii) Margin of Safety
- (iv) Contribution
- (v) Fixed cost.
