



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.A. DEGREE EXAMINATION – ECONOMICS

THIRD SEMESTER – APRIL 2022

16/17/18UCO3AL02 – ACCOUNTING FOR ECONOMISTS

Date: 27-06-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

Part - A

Answer All questions

(10x2= 20 Marks)

1. What is a bin card?
2. State the significance of preparing Cash Flow Statement.
3. What is P/V ratio and its uses?
4. What do you understand by current liabilities? Give some examples?
5. 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
6. Sales Rs. 4,00,000; Variable cost Rs.3,00,000; Fixed cost Rs. 40,000 Find out BEP?
7. List out the various methods of payment of wages.
8. Find out the net cash from investing activities from the following
Sale of fixed assets Rs. 2,00,000
Purchase of fixed assets Rs. 1,00,000
Issue of shares for cash Rs. 2,00,000
9. Explain the term EOQ.
10. What do you mean by labour turnover?

Part - B

Answer any FOUR questions.

(4x10= 40 Marks)

11. Explain the advantages and limitations of marginal costing.
12. Discuss the principles of good wage payment system in detail.
13. From the following balance sheet, you are required to prepare a cash flow statement.

Liabilities	31-12-2012	31-12-2013	Assets	31-12-2012	31-12-2013
Share capital	4,00,000	5,00,000	Cash	60,000	94,000
Trade creditors	1,40,000	90,000	Debtors	2,40,000	2,30,000
Profit & loss A/c	20,000	46,000	Inventories	1,60,000	1,80,000
			Land	1,00,000	1,32,000
	5,60,000	6,36,000		5,60,000	6,36,000

14. From the following transactions, prepare the stores ledger accounts, using FIFO method

Jan 1	Opening balance	100 units @ Rs. 5 each
Jan 5	Received	500 units @ Rs. 6 each
Jan 20	Issued	300 units
Feb 5	Issued	200 units
Feb 6	Received back from work order	10 units issued on 5 th Feb.
Feb 7	Received	600 units @ Rs. 5 each
Feb 20	Issued	300 units
Feb 25	Returned to supplier	50 units purchased on 7 th Feb.
Feb 26	Issued	200 units
Mar 10	Received	500 units at Rs.7 per unit
Mar 15	Issued	300 units
	Stock verification on 15 th march	revealed a shortage of 10 units.

15. Reliance Battery Co. furnishes you the following information:

	<i>First year</i>	<i>Second year</i>
	<i>Rs.</i>	<i>Rs.</i>
Sales	8,10,000	10,26,000
Profit	21,600	64,800

From the above you are required to compute the following assuming that the fixed cost remains the same in both the periods:

- (a) Profit volume ratio
- (b) Fixed cost
- (c) The amount of profit or loss when sales are Rs. 6,48,000
- (d) The amount of sales required to earn a profit of Rs. 1,08,000

16. 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
 Standard time allowed – 10 units per hour.
 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 75 units; B produced 100 units.

17. Two components A and B are used as follows:

Reordering Quantity:	A	1,200 units	B	1,000 units
Reordering Period	A	2 to 4 weeks	B	3 to 6 weeks
Normal usage	300 units per week each			
Minimum usage	150 units per week each			
Maximum usage	450 units per week each			

You are required to calculate the following for each of the components.

- (a) Reordering level (b) maximum level (c) minimum level (d) average stock level.

Part - C

Answer any TWO questions

(2 x 20 = 40 Marks)

18. 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

19. Lokesh 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.

20. Show the stores ledger entries as they would appear when using (1) the weighted average method. (2) The LIFO method of pricing issue, in connection with the following transaction.:

April	Particulars	Units	Value
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	-

21. 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%
