

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.A. DEGREE EXAMINATION – ECONOMICS

FIRST SEMESTER – NOVEMBER 2018

CO 1102 – ACCOUNTING FOR ECONOMISTS

Date: 31-10-2018

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

SECTION – A

Answer **ALL** the Questions

(10 X 2=20)

- 1 State any two importance of Financial Statement.
- 2 What do you mean by ABC analysis?
- 3 State the significance of preparing Cash Flow Statement.
- 4 Calculate the Economic Order Quantity from the following particulars: Annual usage: 6,000 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.
- 5 Give any two reasons for material control.
- 6 State the methods of payment of wages.
- 7 Calculate labour turnover under Replacement method:
Number of employees replaced during 2009 : 1000
Average number of employees during 2009 : 8000
- 8 Bring out the uniqueness of differential piece rate system.
- 9 What is breakeven point?
- 10 Calculate P/V ratio from the following particulars: Sales- Rs. 1,60,000, Variable Costs- Rs.1,20,000 and fixed costs – Rs.16,000.

SECTION - B

Answer any **FOUR** questions

(4 X 10 = 40)

- 11 Explain the advantages of preparing financial statements.
- 12 Identify the different sources and uses of Fund in a Business Concern.

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 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.

15 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

16 ABC Corporation Ltd.,has prepared the following budget estimates for the year 2015-2016:

Sales units	- Rs 15,000
Fixed expenses	- Rs 34,000
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.

17 From the following information relating to Jargon Ltd, you are required to find out:

(a) P/V ratio (b) Breakeven point (c) Profit (d) Margin of Safety (e) Volume of sales to earn profit of Rs.12,000.

Total fixed costs – Rs.9,000

Total variable costs- Rs15,000 and

Total Sales –Rs.30,000.

SECTION C

Answer any **TWO** questions

(2 X 20 = 40)

18 Following is the Trial balance extracted from the books of Galaxy Company Ltd.

Debit balances	Rs	Credit balances	Rs
Stock on 1.1.2013	7,000	Authorised Capital:	
Purchases	30,000	2,000 equity shares of	
Wages	8,000	Rs.100 each	<u>2,00,000</u>
Carriage	2,000		
Building	50,000	Issued share capital	1,00,000
Motor Vehicle	37,000	Rent received	3,500
Sundry Debtors	9,600	Sales	1,05,000
Salaries	15,000	Sundry creditors	16,800
Bank Interest	400	Bank overdraft	12,200
Travelling Expenses	4,000	Profit & loss a/c	22,500
Machinery	80,000		
Discount allowed	1,500		
Cash in hand & at bank	1,000		
Printing & Stationery	2,000		
Repairs & Renewals	1,500		
Director's remuneration	2,500		
Audit fees	3,500		
Interim dividend	5,000		
	<u>2,60,000</u>		<u>2,60,000</u>

Adjustments:

- i) Closing stock on 31.12.2013 was Rs 16,000
- ii) Outstanding wages Rs 1,000 and outstanding salaries Rs 1,500.
- iii) Depreciate machinery by Rs 2,000, Building by Rs .7,000 and motor vehicle by Rs 620.
- iv) Directors declared a final dividend at 20% on paid up capital. Provide for corporate dividend tax @10%

You are required to prepare Profit & Loss Account for the year ended 31.12.2013 and Balance Sheet as on that date.

19 Prepare stores ledger account under weighted average 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 Pears Ltd.,has three production departments X,Y and Z and two service departments A and B.The following figures are extracted from the records of the company:

- Rent and rates Rs 5,000
 Indirect Wages Rs 1,500

Depreciation of Machinery Rs 10,000

General Lighting Rs 6,00

Power Rs 1,500

Sundries Rs 1,0000

Following further details are available:

	Total	X	Y	Z	A	B
Floor space in square feet	10,000	2,000	2,500	3,000	2,000	500
Light points	60	10	15	20	10	5
Direct wages(Rs)	10,000	3,000	2,000	3,000	1,500	500
H.P of machines	150	60	30	50	10	-
Value of machinery(Rs)	2,50,000	60,000	80,000	1,00,000	5,000	5000

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

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

Year	Sales (Rs.)	Profit (Rs.)
2016	140,000	15,000
2017	160,000	20,000

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.