

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**



**B.A. DEGREE EXAMINATION – ECONOMICS**

**THIRD SEMESTER – NOVEMBER 2019**

**16/17/18UCO3AL02 – ACCOUNTING FOR ECONOMISTS**

Date: 06-11-2019

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

**Part - A**

Answer **All** questions

**(10x2= 20 Marks)**

1. What is bin card?
2. Find out the value of stock under FIFO  
Opening stock: 200 units @ Rs. 10 per unit  
Purchase : 400 units @ Rs. 15 per unit  
Issue : 300 units
3. Write a short note on 'labour turnover'
4. List out the various methods of payment of wages.
5. How do you ascertain 'cash flows from operating activities'?
6. Define 'Marginal costing'
7. Sales Rs. 4,00,000; Variable cost Rs.3,00,000; Fixed cost Rs. 40,000 Find out BEP?
8. What do you understand by current liabilities? Give some examples?
9. State the significance of preparing cash flow statement.
10. Find out margin of safety. Sales Rs. 13,00,000 BEP Rs. 10,40,000

**Part – B**

Answer any **FOUR** questions.

**(4x10= 40 Marks)**

11. Give the format of statement of profit and loss and balance sheet as per revised schedule VI.
12. From the following balance sheet as on 31<sup>st</sup> December, prepare a cash flow statement.

<b>Liabilities</b>	<b>31-12-2015</b>	<b>31-12-2016</b>	<b>Assets</b>	<b>31-12-2015</b>	<b>31-12-2016</b>
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
	<b>2,70,000</b>	<b>3,85,000</b>		<b>2,70,000</b>	<b>3,85,000</b>

13. What are the principles of good wage payment system?

14. 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.

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

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.

16. Explain the advantages and disadvantages of marginal costing in detail.

17. Manali corporation ltd, has prepared the following budget estimates for the year 2016.

Sales units – 15,000

Fixed expenses – Rs. 34,000

Sales value – Rs. 1,50,000

Variable costs – 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 with the following cases. (1) Decrease of 10% in selling price (2) increase of 10% in variable costs.

### Part – C

Answer any **TWO** questions

**(2x20= 40 Marks)**

18. From the following transactions, prepare separately the stores ledger accounts, using the following methods (i) FIFO and (ii) LIFO

Jan 1	Opening balance	100 units @ Rs. 5 each
5	Received	500 units @ Rs. 6 each
20	Issued	300 units
Feb 5	Issued	200 units
6	Received back from work order	10 units issued on 5 <sup>th</sup> Feb.
Feb 7	Received	600 units @ Rs. 5 each
20	Issued	300 units

25 Returned to supplier 50 units purchased on 7<sup>th</sup> Feb.  
 26 Issued 200 units  
 Mar 10 Received 500 units at Rs.7 per unit  
 15 Issued 300 units  
 Stock verification on 15<sup>th</sup> march revealed a shortage of 10 units.

19. 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.**

<b>Debit</b>	<b>Rs.</b>	<b>Credit</b>	<b>Rs.</b>
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		
	<b>6,60,270</b>		<b>6,60,270</b>

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.

- (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) A tax provision of Rs. 8,000 is considered necessary.
- (d) The directors declared an interim dividend on 15.8.2015 for 6 months ending June 30, 2015 @ 6%.
- (e) Provide for corporate dividend tax @ 17%

20. Balance sheets of M/S Black and White as on 1<sup>st</sup> Jan. 2016 and 31<sup>st</sup> Dec 2016 were as follows.

<b>Liabilities</b>	<b>1.1.2016</b>	<b>31.12.2016</b>	<b>Assets</b>	<b>1.1.2016</b>	<b>31.12.2016</b>
Creditors	40,000	44,000	Cash	10,000	7,000
White's loan	25,000	-	Debtors	30,000	50,000
Loan from bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Buildings	35,000	60,000
	<b>2,30,000</b>	<b>2,47,000</b>		<b>2,30,000</b>	<b>2,47,000</b>

During the year a machine costing Rs. 10,000 (accumulated depreciation Rs.3,000) was sold for Rs. 5,000. The provision for depreciation against machinery as on 1<sup>st</sup> Jan. 2016 was Rs. 25,000 and on 31<sup>st</sup> Dec. 2016 Rs.40,000. Net profit for the year 2016 amounted to Rs. 45,000. Prepare cash flow statement.

21. Murgan Ltd. has production department A, B and C and two service departments S1 and S2. Monthly expenses in Rs. Rent -5,000; indirect wages – 1,500; Lighting – 600; Depreciation – 10,000; power – 1,500; sundries – 10,000.

Particulars	Production department			Service department	
	A	B	C	S1	S2
Floor space	2,000	2,500	3,000	2,000	500
Light points	10	15	20	10	5
Wages (Rs.)	3,000	2,000	3,000	1,500	500
H.P of machine	60	30	50	10	-
Value of machines(Rs.)	60,000	80,000	1,00,000	5,000	5,000
Working hours	6,226	4,028	4,066	-	-

The expenses of S1 and S2 are allotted as follows:

	A	B	C	S1	S2
<b>S1</b>	20%	30%	40%	-	10%
<b>S2</b>	40%	20%	30%	10%	-

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