LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

FIRST SEMESTER – **APRIL 2016**

CO 1102 - ACCOUNTING FOR ECONOMISTS

Date: 05-05-2016   Dept. No.   Max. : 100 Marks
Time: 01:00-04:00

Part A

Answer **_all the_** questions   (10x2=20 marks)

1. What is Key Factor?
2. Mention any two sources from which overhead expenses may be collected.
3. What is Ordering cost?
4. Identify the basis of apportionment for the following items
   a. Canteen   b. Indirect wages   c. Depreciation of Machinery d. Insurance of stock
5. Mention types of idle time with suitable example
6. First in first out method of valuing material issues is suitable in times of _____ and Last in first out method is suitable in times of _____
7. Find out the labour turnover rate under Separation method, Average number of workers during the month is 550, 5 workers left, 75 workers were recruited and 20 persons were discharged during the month.
8. Selling price ₹. 200 p.u, Variable cost ₹. 100 p.u and Fixed cost ₹. 96,000. Calculate the Break Even point(units)
9. The book value of fixed assets sold was ₹. 4,000. Total profit on sale of fixed assets was ₹. 2,000 and their original cost was ₹. 5,000. Calculate the capital profit.
10. From the following data calculate tax paid during the year
    Provision for taxation as on 31-3-2015 ₹. 2 00,000
    Provision for taxation as on 31-3-2014 ₹. 1,50,000
    Tax provided during the year ₹.70,000

Part B

Answer **_any four_** questions   (4x10=40 marks)

11. What are the essential features of good wage system?

12. Explain the advantages of Cash Flow statement?

13. State and explain the rules regarding transfer of profits to reserves.

14. (i)   The firm employs five workers at an hourly rate of ₹. 2.00. during the week they worked for four days for a total period of 40 hours each and completed a job for which the standard time was 48 hours for each worker. Calculate the labour cost under the Halsey method and Rowan method of incentive plan payments

    (ii)   Calculate normal rate per hour and overtime wages of Mr. X and Mr.Y from the following particulars
    Basic wages ₹. 1000 p.m
    Dearness allowance ₹. 500 p.m
    Normal working hours per month 200 hrs
    Overtime Mr. X 10 hrs, Mr.Y 15 hrs
    Overtime is paid at double the normal wages plus dearness allowance

15. Compute machine hour rate
    (a) Cost of a machine ₹. 2,30,000; Life 10 years
    (b) 26 machines in the department
    (c) Hours run on production 1,800
    (d) Power cost ₹.50 per hour of running time
    (e) Repairs 50% of Depreciation
    (f) Departmental area 70,000 square metres, Machine area 2,500 square metres
    (g) Departmental overheads(annual)
        Rent ₹. 50,000
        Heat and light ₹. 70,000
        Supervision ₹. 1,30,000

16. From the following Balance Sheets as on 31-03-2015 and 31-03-2014. Prepare Cash Flow Statement:

Liabilities	2015	2014	Assets	2015	2014
Share Capital	1,50,000	1,00,000	Fixed Assets	1,50,000	1,00,000
Profit & Loss A/c	80,000	50,000	Goodwill	40,000	50,000
General Reserve	40,000	30,000	Stock	80,000	30,000
6% Debentures	60,000	50,000	Debtors	80,000	50,000
Creditors	40,000	30,000	Bills Receivable	20,000	30,000
Outstanding Expenses	15,000	10,000	Bank	15,000	10,000
	3,85,000	2,70,000		3,85,000	2,70,000

17. a. Find out the economic ordering quantity from the following particulars::
        Annual usage consumption per week (in units) ₹1,20,000
        Cost of placing and receiving one order ₹60
        Annual carrying cost 10% of inventory value

    b .Compute the (i) Re-order level (ii) Minimum leve (iii) Maximum level and Average stock level for component A and B based on the following data:

	A	B
Maximum consumption per week (in units)	150	150
Average consumption per week (in units)	100	100
Minimum consumption per week (in units)	50	50
Re-order period (in weeks)	8 -12	4-8
Re-order quantity (in units)	400	600

Part C

Answer *any two* questions   (2x20=40 marks)

18. (i) A company manufactures and markets three products X,Y,Z. All the three products are made from the same set of machines. Production is limited by machine capacity. From the following data given below, indicate priorities for products X,Y, Z with a view to maximizing profits

	X	Y	Z
Raw material p.u (₹)	11.25	16.25	21.25
Labour cost p.u (₹)	2.50	2.50	2.50
Other variable cost p.u(₹)	1.50	2.25	3.55
Selling price p.u (₹)	25	30	35
Standard machine time required per unit in minutes	39	20	28

(ii)The cost structure and selling prices remain the same in Periods I and Periods II,
find out:(a) Profit Volume Ratio   (b) Fixed cost   (c) Break Even Point for sales
    (d) Profit when sales are of Rs.1,00,000 (e) Sales required to earn a profit of Rs. 20,000 (f) Margin of Safety for the period I   (g) Margin of Safety at a profit of Rs. 15,000
     (h) Variable cost in Period II

Period	Sales(₹)	Profit(₹)
I	1,20,000	9,000
II	1,40,000	13,000

19. The following is an extract of the record of receipts and issues of sugarcane in a Sugar factory during October 2015

Date October	Particulars	Quantity (tonnes)	Rate per tonne (₹)
1	Opening balance	500	200
3	Issues	70	-
4	Issues	100	-
8	Issues	80	-
13	Received from supplier	200	190
14	Received from department	15	-
16	Issues	180	
20	Received from supplier	240	190
22	Shortage	10	

Draw up Stores ledger Card showing the above transactions under (i) First in First out method (ii) Last in First Out method

20. A company has three production departments P1, P2 and P3 and two service departments S1 and S2. The following data are extracted from the records of the company for a particular given period:
Rent and rate ₹25,000; General lighting ₹ 3,000; Indirect wages ₹7,500; Power ₹7,500; Depreciation in Machinery ₹50,000; Sundries ₹ 50,000

Additional data:

	Total	Departments				
		P1	P2	P3	S1	S2
Direct wages(₹)	50,000	15,000	10,000	15,000	7,5000	2,500
H.P of machine	150	60	30	50	10	--
Cost of machine(₹)	12,50,000	3,00,000	4,00,000	5,00,000	25,000	25,000
Production hours	--	6226	4,028	4,066	--	--
Floor space	10,000	2,000	2,500	3,000	2,000	500
Lighting points	60	10	15	20	10	5

Service Department's expenses allocation:

	P1	P2	P3	S1	S2
S1	20%	30%	40%	--	10%
S2	40%	20%	30%	10%	--

Compute the overhead rate of production departments using Repeated distribution method.

21. M Ltd has an authorized capital of ₹5,00,000 in equity shares of ₹100 each. On 31/03/2015, 2,500 shares were fully called up. From the following ledger balances prepare final accounts of the company for the year ended 31st March 2015

Particulars	₹	Particulars	₹
Opening stock	50,000	Sales	4,25,000
Purchases	3,00,000	Advertisement	3,800
Wages	70,000	Bonus	10,500
Discount allowed	4,200	Debtors	38,700
Discount received	3,150	Creditors	35,200
Insurance upto 30/06/15	6,720	Plant and Machinery	80,500
Salaries	18,500	Furniture	17,100
Rent	6,000	Cash in Hand	1,34,700
General expenses	8,950	Reserve	25,000
Profit & Loss Account (Cr)	6,220	Loan from Manager	15,700

| Printing | 1,400 | Bad debts | 3,200 |
| Stationery | 1,000 | Call-in-arrears | 5,000 |

Additional information:
a. Closing stock ₹91,500
b. Provide depreciation @ 15% on Plant and Machinery and 10% furniture
c. Outstanding liabilities : Wages ₹5,200, Salary ₹1,200, rent ₹600
d. Provide 5% dividend on paid up share capital
e. Provide for Corporate dividend tax 17%