



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIRST SEMESTER – APRIL 2014

CO 1102 - ACCOUNTING FOR ECONOMISTS

Date : 28/03/2014
Time : 01:00-04:00

Dept. No.

Max. : 100 Marks

PART -A

Answer All Questions

(10*2=20)

1. What is financial statement?
2. State the ceiling on managerial remuneration
3. Distinguish between fund and cash
4. Identify the need for cash flow statement
5. Define store keeping
6. What is decentralized purchasing?
7. Expand LIFO and EOQ
8. How would you determine wages under piece rate system?
9. Define marginal costing
10. What is break even point?

PART –B

Answer any four questions

(4*10=40)

11. Describe the advantages of centralized purchasing system.
12. Explain the advantages and limitations of cash flow statement
13. Enumerate ABC analysis of store keeping and its merits. The credit balance in the P/L appropriation account as on 1.4.2011 was Rs. 1,45,000. The net profit after tax of the current year is Rs. 2,00,000. Transfer to general reserve Rs.13,000 and transfer to redemption reserve Rs.76,000. The company declared a dividend of 15% on its equity capital of Rs.5,00,000. You are required to prepare profit/loss appropriation account as on 31.3.2012.
14. The following is the comparative balance sheet of Pratima & Co ltd. as on 31st march 2008 and 2009

Liabilities	2008	2009	A	

Share capital	1,80,000		2,00,000		G
General reserve	28,000	36,000	Building		80,000
P/L a/c	39,000	44,000	Machinery		74,000
Trade creditors	64,200	31,600	Investments		20,000
			Stock		1,00,000
			Cash		13,200
	3,11,200	3,11,600			3,11,200

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You are required to prepare cash flow statement

15. Component X is used in a factory and the details are as follows:

Normal usage 4,500 units, Maximum usage 6,750 units, Minimum usage 2,250 units

Reorder quantity	19,500 units
Reorder period	3 to 5 weeks

Calculate (a) Reorder level (b) Minimum stock level
(c) Maximum stock level (d) Average stock level

16. A quotation is received from a supplier in respect of material Z

Lot price	10,000 kgs. at Rs. 50 per kg.
	20,000 kgs. at Rs.45 per kg.
	60,000 kgs. at Rs.40 per kg.

Trade discount is at 25%. One container is required for every 1000 kg. of material and containers cost Rs.1000 each but Rs.500 will be credited if returned within 3 months.

Calculate the material cost for 20000 kg of material, assuming the containers are returned in due course.

17. The Standard time to produce one unit is 10 minutes, normal wages Rs.25 per unit.

Mr. Kumar produced 30 units and Kathir produced 50 units in a day. A day consists of 8 hours. Calculate the earnings of workers Kumar and Kathir under straight piece rate system and Taylor's differential piece rate system.

PART -B

Answer any two questions

(2*20=40)

18. The price structure of a notebook made by a company is as follows:

Material 6 per notebook, Labour Rs. 20 per notebook, Variable overheads Rs. 20 per notebook and Fixed overheads Rs.5,00,000 Per cycle.

Calculate (a) profit volume ratio and break even units.

(b) If company wants a profit of Rs.3,00,000 how many units need to be sold?

(c) If selling price is reduced by 10 % what will be the new break even units?

19. The following is the trial balance of David & co for the year ended 31st March 2006

Debit balances	Rs.	Assets	Rs.
Purchases	2,69,300	Sales	3,80,000
Carriage inward	3,000	Discount received	1,000
Selling expenses	17,500	Capital	1,50,000
Machinery	1,00,000	Dividend received	500
Computer	50,000	Creditors	12,500
Opening stock	9,000	Bank overdraft	6,200
Salaries	12,000		
Rent and taxes	2,400		
Insurance	1,850		
Cash in hand	13,500		
Sales return	1,000		
Wages	14,760		
General expenses	5,890		
Debtors	50,000		
Total	5,50,200	Total	5,50,200

Adjustments:

a. Stock at the end of the year Rs. 18,000

- b. Out standings ; Rent Rs.400, Wages Rs.240 , Salaries Rs.2,000
- c. Insurance prepaid Rs.150
- d. Write off Machinery by 10% and Computer by 20%

20. The following is an extract of the record of chemical factory.

- 1 Opening balance 100 tons @ Rs.20
- 3 Received from supplier 150 tons @ Rs.17
- 8 Issued 90 tons
- 14 Received from supplier 60 tons @ Rs.19
- 17 Issued 100 tons
- 21 Received 50 tons @ Rs.18
- 24 Issued 75 tons.
- 25 Returned to supplier 10 tons out of goods received on 21st
- 26 Received 64 tons @ Rs.18
- 29 Issued 40 tons

You are required to prepare store ledger account under the principles of FIFO method.

21. In an engineering factory, the following particulars have been extracted from the records of a company.

Departments	A	B	C	X	
Direct wages Rs.	30,000	45,000	60,000		15,000
Direct materials	15,000	30,000	30,000		22,000
Staff number	1500	2250	2250		750
Electricity (kWh)	6000	4500	3000		1500
Assets value	60,000	40,000	30,000		10,000
Light points	16	16	4		6
Area (sq.meters)	150	250	50		50

The expenses for the period were (in Rs.)

Power	1,100	Depreciation	30,000
Lighting	200	Repairs	6,000
Stores overheads	800	General overheads	12,000
Staff welfare expenses	3,000	Rent & taxes	550

Prepare primary overhead distribution summary.