



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.A. DEGREE EXAMINATION – ECONOMICS

FIRST SEMESTER – NOVEMBER 2016

CO 1102 - ACCOUNTING FOR ECONOMISTS

Date: 09-11-2016
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

PART A

Answer all the questions:

(10x2=20)

1. What is breakeven point?
2. Write the meaning of marginal costing.
3. What is over time?
4. Enlist the methods used for calculating labour turnover?
5. Mention any two transactions which are recorded in Profit and Loss Appropriation Account.
6. State any two differences between the stores ledger and bin card.
7. What is meant by cash flow statement?
8. Calculate the Economic Order Quantity from the following particulars:
Annual consumption: 6000 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.
9. In a factory workers are paid at Rs. 50 per hour. During the month of April 2011, there were 25 working days of 8 hours each. There is also piece work plan where in Rs. 10 to be paid per piece is produced. During the month X produced 48 pieces per working day. Calculate the wages of worker X under (a) time rate system and (b) piece rate system.
10. Calculate P/V ratio from the following particulars: Sales- Rs. 80,000, Variable Costs- Rs.60,000 and fixed costs – Rs.8, 000.

PART B

Answer any four questions

(4x10=40)

11. Explain the techniques of marginal costing.
12. Write the format for preparing cash flow statement according to AS3.
13. Explain the methods of payment of wages.
14. Component X is used as follows:
Re ordering quantity: X- 1200 units, Re ordering period: X- 2 to 6 months, Normal usage: 900 units per month, Minimum Usage: 800 units per month and Maximum Usage: 1200 units per month. You are required to calculate the following for material:
(a) Re order level, (b) Maximum level, (c) Minimum level, (d) Average stock level

15. Calculate the earnings of workers X and Y under (a) Halsey premium plan, (b) Halsey Weir plan and (c) Rowan plan from the following details:
Time allowed is 48 hours, time taken is 40 hours and Rate per hour is Rs.300.
16. From the following details, ascertain the amount of cash required for payment of salaries in a firm for the month of March:
- (a) Basic salaries Rs. 50,000
 - (b) Dearness allowance: 20% of (a)
 - (c) Leave wages 5% of (a) and (b) above.
 - (d) Employee's contribution to E.S.I. and P.F 3% and 5% respectively on (a) and (b) above.
 - (e) Income tax deduction at source Rs.3, 000.
 - (f) Deduction for insurance premiums, Rs.4, 000.
 - (g) Festival advance to be recovered from 60 employees at Rs.100 per employee.
17. From the following information relating to Jargon Ltd, you are required to find out:
- (a) P/V ratio (b) Break even 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- Rs.15,000 and Total Sales – Rs.30,000.

PART C

Answer any two questions:

(2x20=40)

18. What is financial statement? Explain the importance of preparing financial statement.
19. Prepare stores ledger under (a) LIFO method and (b) Weighted average method from the following information:
- 1st August 2012- opening stock 200 units at Rs. 20 each
 - 5th August - received 100 units at Rs. 24 each
 - 6th August – received 300 units at Rs.22 each.
 - 10th August- issued 150 units
 - 14th August - issued 50 units
 - 18th August – received 100 units at Rs. 28 each.
 - 19th August – issued 200 units.
 - 20th August – received 200 units at Rs. 30each.
 - 25th August- received 100 units at Rs. 32 each
 - 28th August - issued 200 units

20. . You are required to prepare trading , profit & loss account and balance sheet for the year 2015, from the following information:

Particulars	Rs.	Particulars	Rs.
Calls in arrear	750	7% Debentures	30,000
Premises	36,000	P&L A/c (1.1.2007)	1,450
Machinery	30,000	Creditors	5,000
Interim dividend paid	750	Share capital (called up)	46,000
Purchases	18,500	Bills payable	3,800
Preliminary expenses	500	Sales	41,500
Freight	1,310	Provision for bad debts	350
Directors fees	574	General reserve	2,500
Bad debts	211		
4% Government securities	6,000		
Stock (1.1.2015)	7,500		
Furniture	720		
Sundry debtors	8,700		
Goodwill	2,500		
Cash	75		
Bank	3,990		
Wages	8,480		
General expenses	1,690		
Salaries	1,450		
Debenture interest	900		
Total	1,30,600	Total	1,30,600

Prepare final accounts of the company for the year ending 31.12.2015 in the prescribed form after taking into account the following adjustments:

- Depreciate machinery by 10% and furniture by 5%.
- Write off preliminary expenses.
- Provide 5% for bad debt on sundry debtors.
- Transfer Rs.10, 000 to general reserve.
- Stock on 31.12.2007 was Rs.10,100.

21. Norman Ltd, have three production departments P,Q,R and two service departments A and B, the details pertaining to which are as under:

Particulars	P	Q	R	A	B
Direct wages (Rs.)	48,000	32,000	48,000	24,000	8,000
Value of machine (Rs.)	96,000	1,28,000	1,60,000	8,000	8,000
H.P. of machine	60	30	50	10	-
Light points	40	60	80	40	20
Floor area (Sq. feet)	1,000	1,250	1,500	1,000	250

The following figures extracted from the accounting records are relevant: Rent Rs.45,000, Electricity Rs.4,800, Indirect wages Rs. 18,000, Power Rs.12,000, Depreciation on machines Rs.1,20,000 , Canteen expenses Rs.90,000 and Other labour related costs Rs.30,000.

The expenses of service departments are allocated as under:

Particulars	P	Q	R	A	B
A	20%	30%	40%	-	10%
B	40%	20%	30%	10%	-

Calculate the total overheads of the three production department.
