

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**B.A. DEGREE EXAMINATION – ECONOMICS**THIRD SEMESTER – **NOVEMBER 2018****16/17UCO3AL02 – ACCOUNTING FOR ECONOMISTS**

Date: 29-10-2018

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

Part - A**Answer All questions****(10x2= 20 Marks)**

1. State the significance of preparing Cash Flow Statement.
2. What is P/V ratio and its uses?
3. Find out the value of stock under FIFO
Opening stock: 400 units @ Rs. 10 per unit
Purchase : 500 units @ Rs. 11 per unit
Issue : 600 units
4. What do you mean by break even point.
5. Explain the term Finance costs.
6. Find out the net cash from investing activities from the following
Sale of fixed assets Rs. 2,00,000
Purchase of fixed assets Rs. 1,00,000
Issue of shares for cash Rs. 2,00,000
7. Sales Rs.4,00,000; fixed cost Rs.40,000 Variable cost 3,00,000 calculate P/V ratio.
8. Explain the term EOQ.
9. What do you mean by labour turnover?
10. Explain the term Distribution of overhead.

Part - B**Answer any FOUR questions.****(4x10= 40 Marks)**

11. Explain the advantages and limitation of marginal costing.
12. Give the format of statement of profit and loss and balance sheet of companies as per revised schedule VI.
13. From the following balance sheet, you are prepare a cash flow statement.

Liabilities	31-12-2012	31-12-2013	Assets	31-12-2012	31-12-2013
Share capital	4,00,000	5,00,000	Cash	60,000	94,000
Trade creditors	1,40,000	90,000	Debtors	2,40,000	2,30,000
Profit & loss A/c	20,000	46,000	Inventories	1,60,000	1,80,000
			Land	1,00,000	1,32,000
	5,60,000	6,36,000		5,60,000	6,36,000

14. 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
Jan 5 Received 500 units @ Rs. 6 each

Jan 20 Issued 300 units
 Feb 5 Issued 200 units
 Feb 6 Received back from work order 10 units issued on 5th Feb.
 Feb 7 Received 600 units @ Rs. 5 each
 Feb 20 Issued 300 units
 Feb 25 Returned to supplier 50 units purchased on 7th Feb.
 Feb 26 Issued 200 units
 Mar 10 Received 500 units at Rs.7 per unit
 Mar 15 Issued 300 units
 Stock verification on 15th march revealed a shortage of 10 units.

15. Reliance Battery Co. furnishes you the following information:

	<i>First year</i>	<i>Second year</i>
	<i>Rs.</i>	<i>Rs.</i>
Sales	8,10,000	10,26,000
Profit	21,600	64,800

From the above you are required to compute the following assuming that the fixed cost remains the same in both the periods:

- Profit volume ratio
 - Fixed cost
 - The amount of profit or loss when sales are Rs. 6,48,000
 - The amount of sales required to earn a profit of Rs. 1,08,000
16. (a) From the following particulars, calculate wages earned by workers X, Y & Z respectively under the Taylor's system:
- Standard time allowed – 10 units per hour, Normal wage rate – Rs. 10 per hour
 Differential rates to be applied:
 90% of piece rate when below standard: 125% of piece rate when above standard
 The production on a day of 8 hours: X-75 units, Y-85 units, Z-120 units.
- (b) On the basis of following information, calculate the earnings of A, B, C and D under Merrick's differential piece rate system
- Standard production per hour: 12 units
 Normal rate per hour; Rs 0.60
 In an 8 hour day: A produces 64 units, B produces 96 units, C produced 84 units, D produced 100 units.

17. The modern company is divided into four departments A, B, C are producing departments and D is service department. The actual costs for a period are as follows:

Particulars	Rs.
Rent	1,000
Repairs to plant	600
Depreciation on plant	450
Employer's liability for insurance	150
Supervision	1,000
Fire insurance in respect of stock	500
Power	900
Lighting	120

The following information is available in respect of the 4 departments

Particulars	Dept. A	Dept. B	Dept. C	Dept. D
Area (sq.meters)	1,500	1,100	900	500
No. of employees	20	15	10	5
Total wages (Rs)	6,000	4,000	3,000	2,000
Value of plant (Rs.)	24,000	18,000	12,000	6,000
Value of the stock (rs)	15,000	9,000	6,000	-
H.P of plant (kwh)	24	18	12	6

Apportion the costs of the various departments on the most equitable basis.

Part - C

Answer any TWO questions

(2 x 20 = 40 Marks)

19. Discuss the various methods of wages payment system.
20. From the following balance sheet as on 31st December, prepare a Cash Flow Statement.

Liabilities	31-12-2015	31-12-2016	Assets	31-12-2015	31-12-2016
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
	2,70,000	3,85,000		2,70,000	3,85,000

21. Lokesh Ltd has three production departments A, B and C and two services departments X and Y. The following particulars are available for the month of March 2010 concerning the organisation.

Particulars	Rs.
Rent	15,000
Municipal taxes	5,000
Electricity	2,400
Indirect wages	6,000
Power	6,000
Depreciation on Machinery	40,000
Canteen expenses	30,000
Other labour related costs	10,000
	1,14,400

The following further details are also available:

Particulars	Total	A	B	C	X	Y
Floor Space (Sq.Mts.)	5,000	1,000	1,250	1,500	1,000	250
Light points	240	40	60	80	40	20
Direct wages (Rs.)	40,000	12,000	8,000	12,000	6,000	2,000
Horse power of machines	150	60	30	50	10	-
Cost of Machines (Rs.)	2,00,000	48,000	64,000	80,000	4,000	4,000

The expenses of service departments are to be allocated in the following manner:

	A	B	C	X	Y
X	20%	30%	40%	-	10%
Y	40%	20%	30%	10%	-

You are requested to calculate the total overhead of the three production departments.

22. Show the stores ledger entries as they would appear when using (1) the weighted average method.

(2) The LIFO method of pricing issue, in connection with the following transaction.

April	Particulars	Units	Value
1	Balance in hand B/f	300	600
2	Purchased	200	440
4	Issued	150	-
6	Purchased	200	460
11	Issued	150	-
19	Issued	200	-
22	Purchased	200	480
27	Issued	250	-

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