

**Goa Vidyaprasarak Mandal's  
Gopal Govind Poy Raiturcar College of Commerce and Economics,  
Ponda – Goa.**

B.COM. (SEMESTER - III) EXAMINATION, OCTOBER 2014

**FINANCIAL ACCOUNTING – Paper- 3**

Time : 2 hours

Marks : 80

Instructions :

1. Question no. 1 is compulsory.
2. Answer any 3 questions from Q2 - Q6 .
3. Figures to the right indicate maximum marks.
4. Working notes should form part of your answer.

Q. 1. (20)  
The following particulars have been extracted from the accounts of Chowgule Motors Company for the year ended 31<sup>st</sup> December 2013.

Particulars	₹	Particulars	₹
Opening stock of raw material	1,00,000	Works overheads	3,92,000
Purchase of raw material	24,00,000	Administrative overheads	2,98,340
Carriage on raw material	1,20,000	Selling overheads	2,13,100
Wages of manual labour	14,00,000	Closing stock of raw material	1,50,000

Work out what price the company should quote for its product to be marketed in 2014, if it will require an expenditure of ₹ 20,000 in raw materials and ₹ 10,000 in wages, to yield a profit of 25% on the total cost.

Assume that works overheads shall be proportionate to direct wages and administrative and selling overheads to works cost.

Q.2. Robust Ltd. manufactures one product which passes through 3 processes crushing, refining and finishing. The details of the expenses incurred were as follows : (20)

Particulars	Crushing	Refining	Finishing
Units issued	10,000	Nil	nil
Cost per unit (₹)	10		
Sundry materials	10,000	15,000	5,000
Direct labour	30,000	80,000	65,000
Direct expenses	3,500	16,910	27,200
Actual output(units)	9,300	5,400	2,100
Normal loss(% of input)	5%	15%	20%
Scrap value per unit (₹)	2	5	10
Sale price of output(per unit)(₹)	40	35	100

Management expenses during the year were ₹ 80,000 and selling expenses were ₹ 50,000. These were not allocable to the processes.

Two-third of output of crushing process and half of the refining process was passed on to the next process and the balance was sold. The entire output of finishing process was sold.

Prepare the three process accounts and the profit & loss A/c.

Q.3. (20)

The net profit of a manufacturing concern amounted to ₹1,00,612 as per its financial records for the year ended 31<sup>st</sup> March 2014. The cost records, however showed a profit of ₹ 89,157. A scrutiny of the two sets of records revealed the following facts :

1. Works overheads recovered in cost accounts were ₹ 28,450 whereas actual factory expenses were ₹ 21,390 only.
2. Actual office expenses for the year amounted to ₹ 19,850 but those recovered in cost accounts were only ₹ 14,500.
3. Selling and distribution expenses for the period amounted to ₹ 16,490 and they were excluded from the cost records.
4. Rent received ₹ 10,800, for the premises owned by the concern, was credited in financial records but not in cost records.
5. Excess depreciation charged in cost accounts was ₹ 2,400.
6. Financial expenses ignored in cost accounts were as follows:
  - a) Interest on bank loan ₹1600,
  - b) Bank charges ₹ 160,
  - c) Penalty due to late completion of contract ₹ 3,250.
7. Gains credited in financial records but ignored in cost accounts :
  - a) Profit on sale of investment ₹ 4,250,
  - b) Interest on investment ₹ 10,295.
8. A sum of ₹ 10,000 given as donation to Prime Minister's Relief Fund has been charged to the profit and loss account, as business expense.
9. The closing stock valued in cost records was ₹ 50,500 whereas in financial accounts it was at 64,000.

Prepare a reconciliation statement to reconcile the two profits.

Q.4. A) (12)

The Maharashtra construction company undertook the construction of a small park at a contract price of ₹ 12 lakhs.

The following cost information is given for the year ended 31<sup>st</sup> March 2014.

Particulars	₹
Materials sent to site	3,00,000
Direct wages	4,40,000
Architect's fees	55,500
Office and administration overheads	1,51,000
Cost of Uncertified work	55,000
Materials at site as on 31 <sup>st</sup> March 2014	10,000
Materials returned to stores	2,000
Materials destroyed by fire	5,000
Cash received from contractee (being 90% of the work certified)	9,45,000
Plant and machinery(at cost) installed at site	2,00,000
• Date of purchase/installation – 1 <sup>st</sup> July 2013	
• Estimated life – 10 years	
• Estimated scrap value at the end of life – ₹ 20,000	
Supervisor's salary(annual)	60,000

The supervisor spent only half of his time on this contract, during the year.

Prepare a contract A/c for the year ended 31<sup>st</sup> March 2014.

B) What is job costing? Explain in brief, the procedure for ascertaining the job costs. (8)

Q.5. A) From the following particulars of ABC slate Co, prepare a cost sheet for the year ended 31<sup>st</sup> March 2014. (12)

Particulars	1 <sup>st</sup> April 2013 ₹	31 <sup>st</sup> March 2014 ₹
Raw materials	40,000	50,000
Work-in-progress	15,000	10,000
Finished goods	6,000	15,000

Particulars during the year	₹
Purchase of raw materials	4,75,000
Freight inward	12,500
Direct wages	1,75,000
Goodwill written off	15,000
Works manager's salary	30,000
Factory employees salaries	60,000
Power expenses	9,500
Income tax	12,000
Dividend received	23,000
Showroom expenses	43,000

Depreciation of :	
plant	9,000
Delivery van	6,000
Office furniture	11,000
Debenture interest	5,500
Administrative staff salaries	55,500
Advertisement	16,000
Distribution expenses	14,000
Sales	9,40,000

B) Following is the data relating to union transport company using a truck for the purpose of transporting goods to and from the city. (8)

Cost of the truck	10,00,000
Estimated life in kilometers	1,00,000
Kms. Run (annual)	20,000
Kms. Run per litre	25
Road licence (annual)	3,000
Insurance(annual)	900
Garage rent(annual)	12,000
Driver's wages per hour	₹ 25
Cost of petrol per litre	₹ 75
Repairs and maintenance per km.	₹ 20
Salary of supervisor p.m.	₹ 10,000

It is a policy to charge interest @ 5% p.a. on the cost of vehicles. The truck here runs 25 kms. per hour on an average.

Compute the cost per running kilometer of the above truck.

Q.6.A) Explain the concept "cost unit". Mention the cost units for the following products/industries : (5)

- a) Bricks
- b) Sugar
- c) Beverages
- d) Bicycle.

B) What is a break-even chart? Explain briefly with the help of a diagram. (10)

C) Explain different types of functional budgets. (5)

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