

**Goa Vidyaprasarak Mandal's**  
**GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS**  
**PONDA – GOA**

**B.COM. (SEMESTER – III) EXAMINATION, OCTOBER 2015**  
**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. The following figures are extracted from the records of Gogetter Co. as on 30<sup>th</sup> September 2015. (20)

Particulars	`	Particulars	`
Opening inventories :		Office salaries	85,200
Raw materials	80,000	Closing inventories :	
Work-in-progress	1,40,000	Raw materials	1,80,000
Finished goods(1000 units)	2,00,000	Work-in-progress	1,92,000
Sales (15,000 units)	9,54,000	Finished goods( ?)	?
Raw materials purchased	3,20,000	Depreciation on :	
Freight on materials	1,60,000	Plant and machinery	46,500
Direct labour	16,000	Office appliances	5,000
Indirect labour	88,000	Showroom	22,000
Heat, light and power	65,000	Income tax provision	17,000
Rates and taxes	6,300	Donations	6,000
Factory supervision	10,000	Accrued expenses as on	
Repairs and upkeep(factory)	14,000	30 <sup>th</sup> September 2015 :	
Salesmens' commission	33,600	Direct labour	20,000
Interest on borrowed capital	5,000	Units produced	18,000

Distribution of particular costs was as follows :

- a) Heat, light and power to factory and office/administration was in the ratio 8:2.

b) Rates and taxes  $\frac{2}{3}$ <sup>rd</sup> to factory and  $\frac{1}{3}$ <sup>rd</sup> to office.

Prepare a cost sheet for the above period, also showing the cost per unit for each element of cost.

Q.2. A product passes through three processes A, B and C. The details of the expenses for the processes are as follows: (20)

Particulars	A	B	C
Units introduced	10000	-	-
Cost per unit	100	-	-
	`	`	`
Sundry materials	10,000	15,000	5,000
Labour	30,000	18,000	65,000
Direct expenses	6,000	22,180	26,660
Normal loss(%)	5%	15%	20%
Realizable value of loss units(per unit)	2	5	10
Selling price (per unit) of output	120	165	250
Actual output	9,300	5,400	2,100
	units	units	units

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

Two-thirds of the output of process A and one-half of the output of process B was passed on to the next process and the balance was sold. The entire output of process C was sold.

Prepare the three process accounts and the profit and loss A/C.

Q.3. (20)

A manufacturing company disclosed a net loss of `3,47,000 as per their cost accounts for the year ended 31<sup>st</sup> March 2015. The financial accounts however disclosed a net loss of `5,22,700 for the same period. The following information was also received as a result of the scrutiny of the figures of both the sets of records:

Particulars	`
Factory overheads under absorbed	40,000
closing stock of finished goods in cost accounts	86,000

closing stock of finished goods in financial accounts	89,500
Administration overheads over absorbed	60,000
Depreciation charged in financial accounts	3,25,000
Depreciation charged in cost accounts	2,75,000
Interest on investments not included in cost accounts	96,000
Income tax provided in financial accounts	54,000
Interest on loan funds in financial accounts	2,45,000
Transfer fees (credited in financial books)	24,000
Stores adjustment credited in financial books	14,000
Dividend received	32,000
Selling overheads absorbed in cost records	79,000
Selling expenses incurred in financial records	85,000
Opening stock of raw material in cost accounts	49,800
Opening stock of raw material in financial accounts	56,000
Rent charged in cost records only	6,000
Donations	10,000

Prepare a reconciliation statement to reconcile the two profits/losses.

Q.4. A) The accounts of X & co show the following information for the three months ended 31<sup>st</sup> March 2015. (08)

Particulars	`
Materials used	10,00,000
Direct labour charges	15,00,000
Works overheads	3,00,000
Administrative expenses	2,24,000

It is assumed that Works overheads shall be based on direct labour charges and Administrative expenses on works cost.

What price should the firm quote on the basis of the above for an order of an automatic machine, which is estimated to have an expenditure of ` 80,000 for materials and ` 60,000 for wages, so as to yield a profit of 15% on total cost.

B) A transport service company is running 5 buses between two towns which are 50 kms apart. Seating capacity of each bus is 50 passengers. The

following expenses were incurred for the month of April 2015 : (12)

- Wages of drivers, conductors and cleaners – 24,000
- Salaries of office staff – 10,000
- Diesel oil and other oil – 35,000
- Repairs and maintenance – 8,000
- Taxation, road tax – 16,000
- Depreciation – 26,000
- Interest and other expenses – 20,000
- Garage rent – ` 10,000.
- Insurance premium – 3% p.a. (on cost of each bus ` 3,00,000).

Actually passengers carried were 75% of seating capacity. All buses run on all days of the month. Each bus made 1 round trip per day.

Find out the cost per passenger km.

Q.5. (20)

The Hindustan construction company has undertaken the construction of a bridge over a river for the municipal corporation. The contract work started on 1<sup>st</sup> July 2014. The value of the contract is ` 12,50,000, subject to a retention of 20% until one year after the certified completion of the contract and final approval of the corporation engineer. The following are the details shown in the books as on 30<sup>th</sup> June 2015:

Particulars	`
Labour on site	4,05,000
Materials directed to site	4,20,000
Materials from stores	81,200
Plant issued to site	80,000
Direct expenses	23,000
General overheads allocated to the contract	37,100
Materials in hand as on 30 <sup>th</sup> June 2015	6,300
Wages accrued as on 30 <sup>th</sup> June 2015	7,800
Direct expenses accrued as on 30 <sup>th</sup> June 2015	1,600
Work not yet certified, at cost	16,500
Amount certified by Corporation Engineer	11,00,000
Cash received on account	8,80,000
Depreciate Plant @12.5% p.a.	

Prepare :

- 1) Contract account for the year
- 2) Contractee's account
- 3) Extract of the balance sheet as on 30<sup>th</sup> June 2015.

Q. 6. A) Explain the following concepts in brief : (10)

- a) Overheads
- b) Cost Centre
- c) Fixed Cost
- d) Prime Cost
- e) Evolution of cost accounting.

B) Explain the terms functional budget and master budget, with examples. (5)

C) Explain the following items in brief : (5)

- a) Break-even point
- b) Contribution
- c) Profit/volume ratio
- d) Marginal cost
- e) Angle of incidence

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