

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

B. COM. (SEMESTER – III) EXAMINATION, OCTOBER 2016

FINANCIAL ACCOUNTING – Paper- 3

Duration: 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.Mr. Bharat undertook a contract No. 501 at a contract price of ` 7,50,000, which began on 1st July 2015. On 31st March 2016, when the accounts were closed the following information was available. (20)

Particulars	`	Particulars	`
Materials issued to site	55,000	General overheads	25% of wages
Direct expenses paid	6,000	Costs of sub-contracts	15,000
Site office costs	10,000	Wages accrued at the end	2,000
Plant installed	2,00,000	Materials at site at the end	5,000
Direct expenses prepaid at the end	1,000	Cash received (being 80% of the work certified)	2,00,000
Cost of work uncertified	20,000		
Wages paid	18,000		

Plant costing ` 5,000 and materials costing ` 2,000 were destroyed by accident at the beginning of the year. A part of the plant costing ` 20,000 was returned to the stores on 31st March 2016.

The plant was installed on the date of the contract and depreciation is to be provided @ 10 % p.a.

Prepare :

1. Contract account for the period ended 31st March 2016.
2. Contractee's account.
3. Balance sheet of contractor as on 31st March 2016.

Q.2. A product TAN 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	9,000	-	--
Cost per unit	150	-	
Sundry materials	23,500	25,000	15,000
Labour	80,000	2,07,200	26,110
Direct expenses	2,250	7,200	9,240
Normal loss (%)	5%	10%	3%
Realizable value of loss units (per unit)	₹ 5	₹ 10	₹ 15
Selling price (per unit) of output	200	280	300
Actual output	8,400	5,700	3,660

3/4th of the output of process A and 2/3rd 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.

Q.3. A manufacturing company disclosed a net profit of ₹ 89,157, as per their cost accounts for the year ended 31st March 2016. The financial accounts however disclosed a net profit of ₹ 1,00,612 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: (20)

1. Works overheads recovered in cost accounts were ₹ 28,450 whereas the actual factory expenses were ₹ 21,390 only.
2. Actual office expenses for the year amounted to ₹ 19,850 but the expenses recovered in cost accounts were only ₹ 14,500.
3. Selling and distribution expenses for the period were ₹ 16,490 were excluded from the cost records.
4. Rent received ₹ 10,800 for the premises owned by the concern were credited in financial records but not in cost records.
5. Excess depreciation in cost accounts was ₹ 2,400.
6. Financial expenses ignored in cost accounts were :
 - Interest on bank loan ₹ 1,600.
 - Bank charges ₹ 160
 - Penalty due to violation of law ₹ 3,250.

7. Gains credited in financial records but ignored in cost accounts :
 - Profit on sale of investments ` 4,250
 - Dividend received ` 10,295.
8. ` 10,000 was paid by the company towards donations to the Krishna temple, Gavaliwada, shown as a business expense in financial records.
9. The closing stock as per financial records was ` 64,000 whereas cost records showed a valuation of ` 50,500.

Prepare a reconciliation statement to reconcile the two profits.

Q.4. A) Prepare a cost sheet from the following data for the month of September 2016:
(08)

Opening stock of direct materials	61,700
Opening work-in-progress	1,21,700
Purchases of direct materials	2,86,500
Carriage on direct materials	5,950
Direct wages	3,57,000
Works overheads	1,99,500
Selling overheads	70,000
Administration overheads	1,10,000
Sales	12,50,000
Closing stock of direct materials	75,400
Closing work-in-progress	1,35,600
Sale of raw material scrap	1,350

Q.4.B) You have been given a permit to run a bus on a route of 20 kms long each way. The following are the expenses incurred : (12)

- Bus costs ` 3,00,000 and is likely to last for 5 years.
- It has been insured @ 1% p.m and the annual road tax is ` 12,000.
- Garage rent is ` 1,400 pm.
- Annual repairs shall be ` 22,360.
- The driver's and the conductor's salary put together shall be ` 5,800 pm.
- Stationery cost shall be ` 900 pm.
- The manager-cum-accountant's salary shall be ` 5,400 pm.
- Diesel and oil charges shall be ` 600 per hundred kilometers.
- The bus will make 3 round trips for carrying on 40 passengers on each single trip.

- Prepare an operating cost statement on full year basis to calculate the cost of the bus per passenger km, if the bus will operate on an average for 25 days a month.

Q.5. The following data has been obtained from the records of a manufacturing company for the year 2015. (20)

Particulars	
Raw materials consumed	2,40,000
Direct wages	2,00,000
Factory overheads	1,20,000
Distribution expenses	56,000
Administration expenses	1,34,400
Selling expenses	89,600
Profit	1,26,000

A work order has been executed in 2016 and the expenses have been incurred as follows: Cost of materials ` 64,000, Direct wages ` 40,000.

Assume that in 2016 the rate of factory overheads went up by 20%, distribution charges went down by 10% and selling and administration charges each went up by 12½%. At what price should the product of the job be quoted so as to earn the same rate of profit on the selling price as earned in 2016?

Factory overheads are recovered on direct wages, Distribution, administration and Selling expenses are based on factory cost.

- Q. 6. A) Explain the following concepts in brief : (10)
- a) Variable cost
 - b) Classification on elements of cost
 - c) Overheads
 - d) Non-cost items
 - e) Cost unit
- B) Explain functional budget and the master budget, with examples. (5)
- C) Explain break-even chart with the help of a diagram. (5)