

GoaVidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA - GOA
B.COM. (SEMESTER - III) EXAMINATION, OCTOBER 2017
FINANCIAL ACCOUNTING

Time: 2 hours

Marks: 80

- Instructions :** 1) Question No. 1 is compulsory.
 2) Answer any three questions from Q.No.2 to Q.No.6.
 3) All working notes shall form part of the answer.

Q.1) (20)

Following is the Trading and P & L a/c of Shreyas Manufacturers & Co., for the year ended 31st March 2016.

<u>To opening stock</u>		By Sales	3,00,000
Raw material	80,000	<u>By Closing stock</u>	
Work in Progress	40,000	Raw material	1,50,000
Finished goods	50,000	Work in Progress	60,000
		Finished goods	70,000
To Purchases	1,70,000		
To Factory Overheads	72,000		
To Gross Profit c/d	1,68,000		
	5,80,000		5,80,000
To Administrative overheads	30,000	By Gross Profit b/d	1,68,000
To Selling & distribution overheads	45,000	By interest received	10,000
To Goodwill written off	5,000	By miscellaneous income	15,000
To Bad debts	8,000		
To Income tax	32,000		
To Net Profit	73,000		
	1,93,000		1,93,000

The cost records showed a profit of ` 90,000 . It was found that :

1. Opening stock of -- Raw material – ` 70,000; Work in Progress – ` 45,000 and Finished goods – ` 55,000 was shown in cost records.
2. Closing stock of -- Raw material – ` 1,70,000; Work in Progress – ` 50,000 and Finished goods – ` 75,000 was shown in cost records.
3. Factory overheads recovered in cost records ` 75,000.
4. Rent charged in cost records only ` 12,000.
5. Administrative overheads absorbed in cost at ` 3 per unit (units produced are 12,000).
6. Selling and distribution overheads were under absorbed in cost records by ` 3,000.

Prepare a Reconciliation statement to reconcile the two profits as disclosed by two records.

Q.2) (20)
The following trial balance was extracted on 31st December 2016 from the books of Kamaxi Contractors :

Capital of firm		5,90,000
Cash received (being 80% of work certified)		20,00,000
Creditors		1,60,000
Land & Building		
Machinery	150,000	
Bank	110,000	
<u>For contract</u>	90,000	
Materials		
Direct labour	12,00,000	
Expenses	9,00,000	
Machinery sent to site	80,000	
	2,20,000	
	27,50,000	27,50,000

Contract began on 1st January 2016. The contract price is ` 45,00,000 .

- On 31st December 2016, work uncertified is ` 32,000; material on hand is ` 54,000.
- On the same day, the cost of machinery returned to stores was ` 84,000.
- It was also found that at the beginning of the year a machinery costing ` 20,000 was damaged in an accident and material costing ` 5,000 was lost.
- It is the policy of the company to charge depreciation @ 10 % p.a.

You are required to prepare :

- Contract A/c for the year ended 31st Dec, 2016.
- Balance sheet of Kamaxi contractors as on that date.

Q.3A) Explain the meaning of the term Break- even point. Also draw and explain the Break- even chart to illustrate Break- Even Analysis. (10)

Q.3B) Give any five points of distinction between Financial Accounting and cost Accounting. (10)

Q.4) (20)

The following data is obtained from the books of SK manufacturers for the year ended 31-03-2015.

Direct material ` 90,000	Administrative overheads ` 42,000
Direct wages ` 75,000	Factory overheads ` 45,000
Selling & distribution overheads ` 52,500	Profit ` 60,900

In the year 2015-2016, the concern received an order, the cost of which is estimated as follows. It is estimated that

Direct material required will be ` 1,20,000.

Direct labour ` 75,000.

What should be the sales price if

- The concern earns the same rate of profit on sales as previous year.
- Selling & distribution overheads have gone up by 15 %.
- Factory overheads are recorded as % of direct wages.
- Administration, selling and distribution overheads as a % of works cost based on cost rates prevailing in the previous year.

Prepare

- Cost sheet for the year ended 31-03-2015.
- Estimated cost sheet for the year ended 31-03-2016.
- Show all the relevant workings.

Q.5) (20)

The product of a company passes through three stages. The following information is obtained from the records of a company, for the year ended 31st Dec 2016.

	Process I	Process II	Process III
Direct Material `	5,000	4,000	6,000
Direct Wages `	4,000	6,000	8,000

The following additional data is available:

	Process I	Process II	Process III
Output (units)	950	380	170
% of normal Loss	5%	10%	15%
Value of scrap per unit `	3	5	5
Sales price per unit `	15	20	25

Product overheads are ` 18,000 to be absorbed as 100% of direct wages.

1,000 units of ` 10 each were introduced in process I. Half of the output of process I and process II passes through the next process and the balance is sold. The entire output of process III is sold.

Prepare Process cost Accounts and also abnormal loss and gain A/c s for the year.

Q.6A) (15)

Mr. Subodh furnishes you the following data and wants you to calculate the cost per running tonne km. of the vehicle.

Cost of the vehicle	` 25,00,000
Road licence per year	` 8,000
Supervision and salaries(yearly)	` 27,000
Drivers wages per hour	` 40
Cost of fuel per litre	` 36
Repairs and maintenance per km.	` 3
Tyre cost per km.	` 2
Insurance premium (yearly)	` 17,000
Garage rent (yearly)	` 13,000
Kms run per litre	10
Kms run during the year	16,000
Estimated life of vehicle in Kms.	1,00,000
Tones per km. coverage	8

Charge interest at 15% per annum on the cost of vehicle. The vehicle runs 20 kms per hour on an average.

Q.6B) Write a short note on Job costing (5)