

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA-GOA
B. COM. (SEMESTER – III) SUPPLEMENTARY EXAMINATION, MAY/JUNE 2017
FINANCIAL ACCOUNTING – Paper- 3

Duration: 2 Hours

Marks: 80

Instructions : 1. Question no. 1 is compulsory.
 2. Answer any 3 questions from Q2 – Q6.

Q. 1. The Belgaum construction company undertook the construction of a small canteen on 1st July 2016, at a contract price of ` 12 lakhs. (20 marks)
 The following cost information is given for the 9 months ended 31st March 2017.

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 st March 2017	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
<ul style="list-style-type: none"> • Date of purchase/installation – 1st July 2016 • 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 9 mths ended 31st March 2017.

Q. 2. From the following particulars of a Soap manufacturer company, prepare a cost sheet for the year ended 31st March 2017. (20marks)

Particulars	`	Particulars	`
Opening inventory(1.4.16) of :		Carriage inwards on raw materials	14,400
Raw materials	6,000	Productive wages	18,000
Work-in-progress	9,620	Machine hours worked	21,600
Finished goods(1000 units)	13,680	Machine hour rate	` 1.5
		Chargeable expenses	2,000
Closing inventory(31.3.17) of :		Administration expenses	` 2 per unit
Raw materials	7,000	Selling expenses	` 3 per unit
Work-in-progress	8,020		
Finished goods	?	Units sold	8,000 units
		Units produced	8,200 units
Donations	2,100	Profit on sales	10%
Raw materials purchased	72,000		

Also calculate the selling price per unit.

Q. 3 Luxor pens company, a company manufacturing ink pens, provides you with the following data for the year 2017. (20 marks)

Particulars	Process A	Process B	Process C
Units of raw material introduced	6000	1220	1300
Cost per unit of raw material (₹)	5	5	5
Labour charges (₹)	17,000	12,000	7,500
Overheads (₹)	8,080	8,100	4,800
Weight lost	4%	5%	3%
Scrap	6%	5%	4%
Sale value of scrap per unit (₹)	3	4	5
Output sold	30%	40%	100%
Output transferred next process	70%	60%	-
Sale price of output sold per unit (₹)	12	16	17

Prepare the 3 respective process accounts.

Q. 4 From the following figures prepare a reconciliation statement showing the reasons for the differences in the two profits/losses. (20 marks)

Particulars	₹
Net profit as per costing records	30,114
Net profit as per financial records	29,332
Works overheads recovered in cost accounts	7,500
Works overheads recovered in financial records	6,932
Director's fees not charged in cost accounts	750
Provision for doubtful debts in financial records	600
Transfer fees received ignored in cost accounts	1,200
Depreciation absorbed in cost records	50,000
Depreciation charged in financial books	45,600
Value of opening stock in cost accounts	21,000
Value of opening stock in financial records	23,400
Value of closing stock in cost accounts	45,800
Value of closing stock in financial records	50,000
Goodwill written off during the year	10,000
Profit on sale of investments in financial records	3,900
Income tax provided in financial books	1,300

Q. 5a) Ghatge Patil has a 50 seater bus which carries passengers to and fro the city of Margao. It makes two round trips every day. While going it carries 100% capacity of passengers whereas while coming only 90% of the capacity is full. (12marks)

The expenses for the month are as follows:

- Cost of the bus ₹ 9,00,000. Depreciation @ 10 % p.a.
- Driver's and conductor's wages and salaries ₹ 8,000 pm.
- Petrol and oil ₹ 80 per litre (the bus runs on a mileage of 10 kms per litre)
- Repairs and maintenance ₹ 15 per km.
- Garage rent – 4,000 p.m.
- Insurance – 12,000 p.a.
- Road tax – 6,000 p.a.

Calculate the cost of running the bus per passenger km.

b) The following data has been obtained from the records of a manufacturing company for the year 2017. (8 marks)

Particulars	`
Raw materials consumed	1,20,000
Direct wages	1,00,000
Factory overheads	60,000
Distribution expenses	28,000
Administration expenses	67,200
Selling expenses	44,800
Profit	63,000

A work order has been executed in 2017 and the expenses have been incurred as follows: Cost of materials ` 64,000, Direct wages ` 40,000.

Assume that in 2017 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%. Factory overheads are recovered on direct wages. Distribution, administration and Selling expenses are based on factory cost.

Calculate the new rates in 2017, for factory, administration, selling and distribution overheads.

Q. 6.

A) What is a break-even point? Explain it with the help of a diagram. (5 marks)

B) What is the difference between estimated and standard cost? (5 marks)

C) Explain the following in one sentence. (10 marks)

- I. Prime cost
- II. Cost centre
- III. Overheads
- IV. Non-cost items
- V. Elements of cost

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