

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE
AND ECONOMICS, PONDA – GOA
B.COM. (SEMESTER-III) SUPPLEMENTARY EXAMINATION
MAY/JUNE 2018
FINANCIAL ACCOUNTING – Paper- 3

Time : 2 hours

Marks : 80

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

Q. 1. The following data has been obtained from the records of a manufacturing company for the year 2016. (20)

Particulars		Administration expenses	2,68,800
Raw Material consumed	4,80,000	Selling and distribution overheads	2,91,200
Direct wages	4,00,000	Profit	2,52,000
Factory overheads	2,40,000		

A work order has been executed in 2017 and the expenses will be 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% and administration and selling expenses each went up by 12.5%. 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 2017?

Factory overheads are recovered on direct wages and administration and selling expenses are based on Works cost.

Prepare a cost sheet for the year 2016 and an estimated cost sheet for the year 2017.

Q. 2. Very High Construction & Associates with a capital of 30 lakhs undertook a contract of construction of a college building. The work started on 1st April 2016. The contract price was ` 60 lakhs. (20)

The trial balance as on 31st March 2017 was as follows:

Particulars	Debit	Credit
Capital		30,00,000
Land And Building	13,00,000	
Cash At Bank	1,83,000	
Creditors		1,50,000
Office Furniture	1,60,000	
Cash Received from contractee (90% of Work Certified)		18,00,000
Contract Expenses:		
Materials used	12,00,000	
Wages paid	4,50,000	
Electricity and power expenses	75,000	
Site Expenses	82,000	
Plant And Machinery Installed	15,00,000	
Total `	49,50,000	49,50,000

As at 31st March 2017, materials at site were ` 30,000, machinery costing `1,00,000 was returned to the stores and wages outstanding were ` 4,000. Plant and machinery should be depreciated by 5% p.a. The work uncertified was ` 1,00,000.

Prepare :

1. Contract Account for the year ended 31.3.17

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Q. 3 During the year, the company's profits from the costing system were (20)
 ₹ 1,58,700, whereas the final accounts as per the financial department were ₹ 91,160.

Given below is the following information, you are required to prepare a reconciliation statement clearly showing the reasons for the differences in the two profits.

Profit and loss account for the year ended 31st March 2017.

particulars	₹	particulars	₹
To Opening stock	1,37,000	By Sales	7,00,000
Add: Purchases	<u>1,92,000</u>		
	3,29,000		
Less : Closing stock	<u>75,000</u>		
	2,54,000		
To Direct wages	44,000		
To Factory overheads	76,800		
To Gross profit c/d	3,25,200		
	<u>7,00,000</u>		<u>7,00,000</u>
To Administration expenses	99,700	By Gross profit b/d	3,25,200
To Loss on sale of investments	5,400	By Rent received	25,000
To Preliminary expenses w/off	10,000	By Dividends received	
To Donations	2,500	from shares	8,700
To Goodwill w/off	2,300		
To Selling expenses	85,400		
To Provision for income tax	62,440		
To Net profit c/d	91,160		
	<u>3,58,900</u>		<u>3,58,900</u>

The costing records showed the following :

1. The stock ledger showed an opening balance of ₹ 1,41,000 and closing balance was ₹ 78,000, respectively.
2. The direct wages absorption account ₹ 48,500.
3. The factory overheads absorption account showed a balance of ₹ 72,800.
4. Administration overheads were calculated at 13% of the selling price.
5. The selling overheads were 10 % of the selling price.
6. There was no mention of the incomes in the cost records.

Q. 4. (20)

Shreyas manufacturing company provides you the following data for the year ended 31.3.2017.

Particulars	Process A	Process B	Process C
Units of raw materials introduced	6,000	1,220	1,300
Cost per unit of raw material ₹	5	5	5
Labour expenses ₹	17,000	12,000	9,420
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 to next process	70%	60%	-
Sale price of output sold (p.u.) ₹	72	60	47

Prepare the above three process accounts and the profit and loss account.

Q. 5a) From the following particulars relating to a four wheeler tempo you are required to compute the cost per running kilometre. (13)

Particulars	₹
Value of tempo	2,50,000
Estimated life of tempo	2,00,000 kms
Estimated annual kilometers	20,000 kms
No. of kms per litre of petrol	5 kms
Driver's wages per month	₹ 3,750
Cost of petrol per litre	₹ 60
Repairs and maintenance per km	₹ 25
Tyre allocation per km	₹ 2
<u>Annual expenses :</u>	
Road tax	₹ 11,350
Insurance	½%
Garage rent	₹ 36,000
Supervision and salaries	₹ 75,000
Oiling and lubrication	2000 per month

You are required to charge interest @ 10% p.a. on the loan taken for the vehicle.

b) Explain the procedure involved in Job-Order Costing. (07)

Q. 6 A) Explain in brief, the different ways of classifying cost in a manufacturing concern. (05)

B) What is a Budget? Explain in brief the various types of budgets. (06)

C) Explain the following terms in brief. (09)

- I. Marginal cost
- II. Break-Even Point
- III. Contribution
- IV. Break-Even Chart
- V. Standard cost
- VI. Variances.

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