

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

**B.COM. (SEMESTER-III) SUPPLEMENTARY EXAMINATION**  
**MAY/JUNE 2016**

**FINANCIAL ACCOUNTING – Paper- 3**

Time : 2 hours

Maximum marks : 80

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

Q. 1. From the following information prepare a cost sheet for the year ended 31<sup>st</sup> March 2016: (20)

Particulars	
Consumable materials:	
Opening stock	10,000
Purchases	85,000
Closing stock	4,000
Direct wages	20,000
Other direct expenses	10,000
Factory overheads	100% of direct labour
Office overheads	10% of works cost
Selling and distribution expenses	` 2 per unit sold
Units of finished products:	
In hand at the beginning	100 (value ` 16,000)
Produced during the year	10,000
In hand at the end of the period	2,000

Also find out the selling price per unit on the basis that profit mark up is uniformly made to yield a profit of 20% of the selling price.

Q.2 (20)

M/s Bharat constructions having an authorized capital of ` 1,00,000 divided into 1,000 equity shares of ` 100 each commenced operations on 1<sup>st</sup> April 2015 and during the year engaged in a contract for construction of a small park the contract price of which is ` 4,00,000.

The trial balance extracted from their books as on 31<sup>st</sup> March 2016 was as follows:

Particulars	Debit	credit
Share capital (being 80% paid up)		3,60,000
Creditors		48,000
Land and building (cost)	2,34,000	
Cash at bank	9,000	
Materials	80,000	
Plant	1,15,000	
Wages	1,05,000	
Expenses	25,000	
Cash received (being 80% of work certified)		1,60,000
	<b><u>5,68,000</u></b>	<b><u>5,68,000</u></b>

Of the plant and materials charged to the contract plant costing 3,000 and materials costing 2,400 were destroyed in an accident. On 31<sup>st</sup> March 2016 plant which cost 4,000 was returned to the stores, the value of materials on site was ` 3,000 and the cost of work uncertified was ` 2,000. Charge depreciation on plant @ 10% p.a. Prepare the contract account for the year ended 31<sup>st</sup> March 2016 and the balance sheet as on that date.

Q.3. From the following figures prepare a reconciliation statement showing the reasons for the differences in the two profits. (20)

Particulars	`
Profit as per costing records	3,44,800
Profit as per financial records	2,68,110
Works overheads under absorbed in cost accounts	6,240
Administrative overheads over recovered in cost	5,000
Selling overheads recovered less in cost	1,600
Depreciation absorbed in cost records	25,000
Depreciation charged in financial books	22,400
Value of opening stock in cost accounts	8,000
Value of opening stock in financial records	11,500
Value of closing stock in cost accounts	4,500
Value of closing stock in financial records	9,500
Obsolescence loss charged in financial records	5,000
Dividend income from shares credited in financial books	16,000
Interest on investments not included in cost	11,400
Income tax provided in financial books	80,600
Bank interest credited in financial books	1,500
Stores adjustment credited in financial books	950
Goodwill written off during the year	13,000
Profit on sale of investments in financial records	3,600

Q.4. (20)

A product is finally obtained after it passes through 3 distinct processes. The following information is available from the cost records :

Particulars	Total	Process I	Process I	Process I
Materials	56,250	26,000	20,000	10,250
Direct wages	73,300	22,500	36,800	14,000
Production overheads	36,650			

500 units at `40 per unit were introduced in process I. production overheads are absorbed as a percentage of direct wages. The actual output and normal loss of the respective processes are given below:

particulars	Output in units	Normal loss as a % of input	Value of Scrap per unit
Process I	450	10%	20
Process II	340	20%	40
Process III	270	25%	50

Prepare process accounts, normal loss and abnormal gain account.

Q.5. A) Following is the data relating to Ghatge Patil Transport Co. Ltd. using a truck for the purpose of transporting goods to and from the city. (10)

Particulars	₹
Cost of the truck	5,00,000
Estimated life in kilometers	1,00,000
Kilometers run (annual)	20,000
Kms. run per litre	25
Road licence (annual)	3,000
Insurance(annual)	2,900
Garage rent(annual)	12,000
Driver's wages per hour	₹ 50
Cost of petrol per litre	₹ 75
Repairs and maintenance per Km.	₹ 20
Salary of supervisor p.m.	10,000

It is a policy to charge interest @ 5% p.a. on the cost of vehicles. The truck here runs 25 kms. per hour on an average. Compute the cost per running kilometre of the above truck.

B) The following figures have been obtained from the records of a company for the year ended 31<sup>st</sup> March 2015: (10)

Direct materials and wages	2,20,000
Works overheads	60,000
Administration overheads	67,200
Selling and Distribution overheads	72,800
Profit	1,05,000

A work order has been obtained and the following expenses shall be incurred :

Direct materials and wages – ₹ 3,000 .

Assuming that the rate of works overheads has gone up by 20% and Selling and distribution overheads gone up by 10%, find out the price of the work order, if the same rate of profit on selling price is desired.

(Works overheads are based on prime cost whereas administration, selling and distribution overheads are based on works cost).

Q. 6. A) Explain the following concepts in brief, with examples for each item : (10)

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

B) What is break-even analysis? Explain it with the help of the diagram of a break-even chart. (10)

