

DCT's S .S. DEMPO COLLEGE OF COMMERCE AND ECONOMICS, PANAJI.
S.Y.B.COM SEMESTER III (REVISED COURSE) EXAMINATION OCTOBER 2016
FINANCIAL ACCOUNTING III

Duration : 2 Hours

Max Marks:80

*Instructions: i) Question no. 1 is compulsory. Answer any three from the rest.
 ii) Figures to the right indicate full marks.*

Q1) Raheja Constructions Pvt. Ltd. engaged on two contracts A & B . From their books of accounts the following particulars are obtained in respect of the year 2015.

Particulars	Contract A ₹	Contract B ₹
Contract price	12,00,000	10,00,000
Materials purchased	3,20,000	1,20,000
Wages paid	2,80,000	70,000
Materials returned	8,000	4,000
Plant installed	1,60,000	1,40,000
Establishment charges	54,000	16,000
Direct Expenses	1,20,000	60,000
Accrued Wages upto 31 st December 2015	32,000	24,000
Materials on site on 31 st December 2015	44,000	16,000
Uncertified work	46,000	20,000
Cash received	7,56,000	2,50,000

On 20th September, 2015 materials costing ₹ 18,000 have been transferred to Contract B from Contract A. Cash received is 80 % of Work Certified for both the Contracts. Depreciate Plant by 10 % p.a. for Contract A and by 8 % p.a. for Contract B.

Prepare Contract Accounts .

(20 Marks)

Q2) The product of a company passes through three processes called A, B and C .The normal wastages of each process is as follows:

Process A: 3% , Process B : 5% Process C : 8%

Wastage of Process A was sold at 25 paise per unit that of Process B at 50 paise per unit and that of Process C at ₹ 1 per unit .

10,000 units were issued to Process A in the beginning of October ,2015 at the cost of ₹ 1.

The other expenses were as follows:

	Process A ₹	Process B ₹	Process C ₹
Sundry Materials	786	1552	501
Direct Labour	3712	8551	6786
Direct Expenses	2552	585	1722
Actual Output in units	9,500 units	9,100 units	8,100 units

Prepare the Process Accounts .

(20 marks)

Q3) A) The accounts of M/S Universal Manufacturing Company Ltd. for the year ended 31st December, 2014 show the following:

Particulars	Amount ₹
Stock of Material on 1.1.2014	67,200
Materials purchased	2,59,000
Office Salaries	26,100
Bad debts written off	9,100
Salesmen Salaries and Commission	10,780
Depreciation on Furniture	420
Rent ,Rates , Taxes and Insurance (Factory)	11,900
Productive Wages	1,76,400
General Expenses	4,760
Gas and Water (Factory)	1,680
Travelling Expenses	2,940
Sales	6,45,540
Manager's Salary (2/3 rd Factory , 1/3 rd Office)	15,000
Depreciation on Plant and Machinery	9,100
Repairs of Plant and Machinery	6,230
Carriage outward	6,020
Direct Expenses	10,010
Rent ,Rates , Taxes and Insurance (Office)	2,800
Gas and Water (Office)	560
Stock of Material on 31.12.2014	87,920

You are required to prepare a Cost sheet for the year ended 31st December 2014. (10 Marks)

B) Prepare the reconciliation statement from the following information obtained from records of a manufacturing company : (10 Marks)

Particulars	Amount ₹
Profit as per Costing records	3,00,000
Works overhead under recorded in Cost A/c	7,000
Administration overhead over recorded in Cost A/c	6,500
Selling overhead under recorded in Cost A/c	2,400
Depreciation charged in Financial A/c	26,000
Depreciation recorded in Cost A/c	22,500
Loss due to obsolescence charged in financial books	9,200
Interest on Investment not included in cost books	10,500
Income tax	77,000
Bank interest and transfer fees credited in Financial A/c only	2,500
Stores adjustment credited in Financial A/c only	1050
Loss due to depreciation in stock values accounted for in charged in Financial books only	13,000

Q4) A) A transport service Company runs the following fleet of buses within the limits of a city

10 buses: Carrying capacity: 60 passengers

15 buses: Carrying capacity: 50 passengers

On an average each bus makes 10 trips per day covering the distance of 8 kms in each trip and 80% of the seat are occupied. The annual records show that 5 buses are generally required to be kept away from roads each day for repairs.

The following expenses were incurred by the company during August 2015.

Expenses	Amount ₹
Garage rent, rates and insurance	2,600
Road vehicle tax	700
Salary of Chief Operating Manager	2,000
Salary of 4 Assistant Managers	700 each
Salary of 4 Supervisors	500 each
Salary of 30 Drivers	260 each
Salary of 35 Cleaners	150 each
Consumable stores	3,500
Petrol and Diesel	38,000
Lubricants	6,500
Replacement of tyres and tubes	1,950
Gas and Electricity	550
Miscellaneous expenses	2,200
Depreciation	6,600

There is a workshop maintained by the company. The maintenance cost of the workshop is ₹ 3500 per month

Prepare statement of operating cost & ascertain the cost per passenger km of operating their service. (10 marks)

B) i) You are given the following data for the coming year of LM Ltd.

Budgeted Output 40,000 units

Fixed Expenses ₹ 1,20,000

Variable Expenses per unit ₹ 10

Selling Price per unit ₹ 20

Find out Break even point. If selling price is reduced by 10 % what will be the new Break even point? (5 marks)

ii) State the advantages of Marginal Costing? (5 marks)

Q5) Answer **any four** from the following:

(4*5 = 20 Marks)

- i) " Cost accounting is beneficial to various sections of society". Elaborate.
- ii) State the advantages and disadvantages of Standard Costing .
- iii) What is Budgetary Control ? State its objectives.
- iv) What do you understand by Variable cost , Fixed cost and Semi-variable cost.
- v) Briefly explain Break even point and Margin of Safety.
- vi) Distinguish between Financial accounting and cost accounting.

Q6) Answer **any four** from the following:

(4*5 = 20 Marks)

- i) What is Job costing ? State the features of Job costing.
- ii) Explain Normal Wastage , Abnormal wastage and Abnormal Gain.
- iii) What is Operating Costing ? To which industries is this method of costing applicable.
- iv) Why is it necessary to reconcile the profits as shown by Cost and Financial Accounts?
Enumerate the various causes for such differences.
- v) Write a note on Cost Sheet.
- vi) Explain briefly Profit /Volume (P/V) ratio.
