C.E.S. COLLEGE OF ARTS AND COMMERCE, CUNCOLIM – SALCETE-GOA
S.Y.B.COM- III SEMISTER END EXAMINATION, OCTOBER/NOVEMBER 2018
FINANCIAL ACCOUNTING- III (**Old Course**)

DATE: 25/10/2018 MARKS: 80
TIME: 10.00 to 12.00 Noon DURATION: 02 HOURS

INSTRUCTIONS: 1) Q. No. 1 is ***COMPULSORY.***
2) Attempt any ***THREE*** *questions from Q. No.02 to Q. No.6.*
3) All questions carry equal marks i.e. ***20 marks.***
4) ***Working notes*** *forms the part of answers.*
5) Numbers to the right indicate the marks for the respective Question.

Q.NO.1. From the following information, prepare detail Cost Statement for the year ended 31 March,2018

Particulars	**Amount in Rs.**
Opening Stock: Raw Materials	20,000
Finished Goods	30,000
Purchases of Raw Materials	15,00,000
Direct Wages	12,00,000
Power	99,500
Carriage on purchases	20,000
Cost of special Design	50,000
Custom duty and octroi on Raw Materials	60,000
Rents and Rates: Office	50,000
Factory	70,000
Telephone expenses	30,000
Advertisement	75,000
Electricity: Office	15,000
Factory	30,000
Machinery lost in fire	1,00,000
Depreciation: Plant and machinery	80,000
Delivery Van	20,000
Income Tax	1,20,000
Salaries	2,50,000
Donation	70,000
Establishment Expenses	1,00,000
Rent of showroom	65,000
Interest on loan	45,000
Sale of Factory Scrap	7,500
Dividend received	17,500
Directors fees	60,000
Mailing charges of sales literature	10,000
Closing stock: Raw Materials	1,85,000
Finished Goods	30,000

Other Information:

i) 60 percent of telephone Expenses relate to office and 40 percent to Sales Department.
j) Salaries to be allocated to factory, office and sales Department in the ratio of 1:2:1.

k) Establishment Expenses to be apportioned equally between office and Sales Department.

l) Sales are made to earn profit @ 20 Percent on Selling price. **(20 Marks)**

Q.NO.2 (A) The Net profit of the Bharat Engineering Co. appeared as Rs. 2, 57,510 as per financial books for the year ended on 31-12-2018. The Cost book, however, showed estimated profit of Rs. 3, 44,800 for the same period. A scrutiny of the both sets of books revealed the following facts:

Particulars	Rs.
Works Overhead Under recorded in cost book.	6,240
Administrative Overhead over recorded in Cost books	5,000
Selling Overhead Under recorded in cost	1,600
Depreciation in costing	25,000
Depreciation charged in financial book	22,400
Loss due to obsolescence charge in financial book	11,400
Interest on investments not included cost book	16,000
Income Tax	80,600
Bank interest and transfer fees charged to financial book	1,500
Stores Adjustment (Cr. to financial book)	950
Loss due to depreciation in stock (financial book)	13,500

You are required to prepare a reconciliation and Memorandum reconciliation account.

(10 marks)

Q.NO.2 (B) Pratisha Ltd., has prepared the following budget estimated for the year 2016-17.

Sales	Units	15,000
Fixed Expenses	Rs.	34,000
Sales Value	Rs.	1,50,000
Variable cost per unit Rs.		6

You are required to:

1) Find the P/V Ratio, B.E.P. and margin of Safety.
2) Calculate the revised P/V Ratio, B.E.P. and margin of Safety in each of the following cases:

   (a) Increased of 10 % variable Cost;

   (b) Increased of sales volume by 2,000 units **(10 marks)**

Q.NO.3 The Following information is obtained from the books of a contractor relating to a contract No. 777 for Rs. 75, 00,000. The contractee pays 90% of the value of work done as certified by the architect.

	2014	2015	2016
Materials	9,00,000	11,00,000	6,30,000
Wages	8,50,000	11,50,000	8,50,000
Direct Expenses	35,000	1,25,000	45,000
Indirect Expenses	15,000	20,000	--------
Works Certified	17,50,000	56,50,000	75,00,000
Works Uncertified	---------	1,00,000	---------
Plant issued	1,00,000	----------	---------

The Value of plant at the end of the 2014, 2015 and 2016 was Rs.80, 000; Rs.50, 000 and Rs. 20,000 respectively. Prepare Contract account No. 777, W.I.P. Account and Contractee's account.
Show the relevant figures in the Balance Sheet. **(20 Marks)**

Q.NO.4 (A) Union Transport Company supplies the following information in respect of truck 5 tone capacity:

Particulars		RS.
Cost of truck	Rs.	90,000
Estimated life of truck	(years)	10
Diesel, Oil, Grease	per trip each way	15
Repairs and maintenance	Per month	500
Drivers Wages	per month	500
Cleaners wages	per month	250
Supervisor charges	per year	4800
Tax	per year	2400
Insurance	per year	4800

The truck carries goods to and from city covering a distance of 50 miles each way. While going to city, freight is available to the extent of full capacity and on return 20% of capacity. Assuming that the truck runs on an average 25 day a month, workout: Operating cost per tonne-mile and rate per trip that the company should charge if profit of 50% on freightage is to be earned.

(12 marks)

Q.NO.4 (B) Write a Shot Notes on:
i) Cost plus Contract
ii) Retention Money. **(4 x 2 = 8 Marks)**

Q.No.5. Mr. Ramraj Contractor and builder have obtained a contract for constructing a Housing complex. The contract work commenced on 1st July, 2015 and was completed on 31st January, 2018. The year ending of the company is 31st March. The Contract price was Rs. 800 lacs.

The contractee agree to pay 90% of the value of work done as certified by the architect immediately. A machine costing Rs. 60,00,000 was specially bought and used for contract. The residual value of the machinery as on 31st January, 2018 was 29,00,000. Depreciation is to be affected on a straight-line basis.

You are provided with the following information:

Particulars	2015-16 (Rs)	2016-17 (Rs)	2017-18 (Rs)
Material purchased	27,50,000	86,25,000	19,75,000
Direct labour	78,52,500	90,36,500	1,03,00,000
Architect fees	2,50,000	4,50,000	5,00,000
Supervision charges	1,22,000	1,85,000	2,76,000
Overhead charges	67,75,500	41,66,500	87,11,000
Materials at site at the end of the year	50,000	1,25,000	75,000
Uncertified work at the end of the year	2,00,000	4,00,000	---
Money received from contractee	1,80,00,000	3,60,00,000	2,60,00000

As per the policy of the company, no profit is to be ascertained unless the certified work completed exceed 20% of the total contract price. Thereafter, profit is to be taken credit for in the same proportion as the cumulative amount received bears to contract price.
Prepare: contract account for all three years and balance sheet as on that day. (20 **Marks)**

Q.NO. 6. Write Short Notes: **<u>(ANY FIVE)</u>**

a) Distinction between Standard Costing and Budgetary Control.
b) Essentials of Budgetary Control.
c) Escalation clause
d) Advantages of Cost Accounting.
e) Benefits of Standard Costing. **(20 Marks)**
f) Cost Sheet.