Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
Second Year B.Com-Semester III
End Semester Examination, October 2015(OLD COURSE)
SUBJECT: FINANCIAL ACCOUNTING

Duration: 2hrs. **Max marks: 80**

Instructions:
1. *Answer any three questions from the Q. No. 1 to Q. No.4.*
2. *Answer any one from Q. No. 5 and Q. No. 6.*
3. *Figures to the right indicate maximum marks.*
4. *Start each new question on a fresh page.*

1. A product is obtained after it passes through three distinct processes. The following information is obtained from the accounts for the month ending December 31, 2014:

Particulars	Processes		
	I	II	III
	Rs.	Rs.	Rs.
Direct materials	26,000	19,800	29,620
Direct wages	20,000	30,000	40,000
Production Overhead	-	-	-

1,000 units at Rs. 30 each were introduced to Process I. There were no stock, materials or work-in-progress at the beginning or end of the period. The output of each process passes direct to the next process and finally to finished stores. Production overhead is recovered at 100 % of direct wages. The following additional data is obtained:

Process	Output during the month	% of normal loss to input	Value of scrap per unit
Process I	950	5%	Rs. 20
Process II	840	10%	Rs. 40
Process III	750	15%	Rs. 50

Prepare process cost accounts and normal and abnormal gain or loss accounts. **(20 Marks)**

2. Calculate the prime cost, factory cost, total cost of production and cost of sale from the following particulars:

Particulars	Amt.	Particulars	Amt.
Materials consumed	40,000	Office premises	200
Wages	10,000	Depreciation: on office	500
Direct chargeable expenses	2,000	On plant	200
Oil and waste	100	Consumable stores	1,000
Wages of foremen	1,000	Manager's salary	2,000
Storekeepers wages	500	Director fees	500
Electric power	200	Printing and stationery	200
Lighting: Factory	500	Telephone	50
Office	200	Postage and telegram	100
Rent : Factory	2,000	Salesmen and commission	500
Office	1,000	Travelling expenses	200
Repairs and renewal:Factory	500	Advertising	500
Machinery	1,000	Warehouse charges	350

(20 Marks)

3. The following details are available from the books of accounts for the year ended 31st March, 2015 of a contractor with respect to a particular contract No. 72, he has undertaken for an organisation:

	Rs.
Materials sent to site	5,00,000
Labour engaged at site	4,77,900
Cost of plant installed at site	1,00,000
Direct expenses	24,300
Establishment expenses	29,000
Materials returned to stores	2,120
Work certified	10,70,000
Cost of work not certified	31,000
Materials in hand(as on 31st March, 2015)	12,220
Accrued wages(as on 31st March,2015)	11,160
Accrued direct expenses	1,030
Value of plant(as revalued on 31st March, 2015)	88,000

The contract price agreed upon with the contractee is Rs. 13,00,000. Payment of Rs. 9,90,000 has been received from the contractee. **(20 Marks)**

4. The net profit of A Co. Ltd., appeared at Rs. 6,06,520 as per financial records for the year ending 31st March 2015. The cost books, however, showed a net profit of Rs. 8,62,000 for the same period. A scrutiny of the figure from both the sets of accounts revealed the following facts:

Particulars	Rs.
Factory overhead under-recovered in costs	15,600
Administrative overheads over-recovered in costs	8,500
Depreciation showed in costing accounts	62,500
Depreciation charged in financial books	56,000
Profit on sale of furniture not included in costs	40,000
Loss on sale of motor vehicle charged in financial accounts	28,500
Income tax provided in financial accounts	2,01,500
Bank interest in financial books	3,750
Stores adjustment (credit in financial books)	2,370
Value of opening stock in cost accounts	2,48,000
Value of opening stock in financial accounts	2,63,000
Value of closing stock in cost accounts	2,50,000
Value of closing stock in financial accounts	2,30,000
Interest charged in cost accounts	20,000
Goodwill written off	56,000

Prepare a statement showing the reconciliation between the figure of net profit as per cost accounts and the figure of net profit as shown in the financial books. **(20 marks)**

5 A. Given selling price @ Rs. 400 per unit, variable cost Rs. 240 per unit, fixed cost Rs.16,00,000; calculate contribution, break-even point and P/V ratio and Margin of safety. **(8 Marks)**

B. Explain the significance of cost accounting in modern business. **(12 Marks)**

OR

6. Write short notes on **any four:**

a. Features of standard costing
b. Operating costing
c. Objectives of Budgetary Control
d. Batch costing
e. Uses of break-even chart
f. Types of budgets

(20 Marks)