

Vidya Vikas Mandal's
Shree Damodar College of Commerce and Economics, Margao-Goa
S.Y.B COM SEM III, SEMESTER END EXAMINATION OCTOBER 2017
Financial Accounting-III

Duration: 2 HRS

Max Marks: 80

Instructions: 1) Q1 is compulsory.

2) Attempt any 3 questions out of the remaining.

Q1. A Product passes through three processes - I, II and III. Following are the details :

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	Process I Rs.	Process II Rs.	Process III Rs.
Raw Material (Kgs) @ Rs.400 p kg	2,000 kgs	-	-
Wages & Expenses	20,000	85,500	1,30,050
Weight Loss (% of input)	5%	10%	20%
Quantity of Scrap (kgs)	100	60	102
Sale Value of Scrap per kg.	100	100	100
Selling Price of Output per kg	700	1,000	1,600

2/3rd of output of Process I and 1/2 of the output of Process II are transferred to next Process at cost and the balance was sold . The entire output of Process III was sold. Prepare Process Accounts and Costing Profit & Loss Account.

2. Nirman Construction Co. Started a Contract on 1-1-2016 with a Contract Price Rs.6,00,000 Following expenditure was incurred till 31st December 2016 :

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	Rs.
Material issued from Stores	1,50,000
Material purchased for the Contract	40,000
Plant installed	70,000
Wages paid	2,40,000
Site Expenses paid	22,000
Establishment expenses	10,000
Expenses accrued due on 31-12-16	3,000
Wages accrued due on 31-12-2016	4,000

Of the Plant and Material charged to the Contract, Plant which cost Rs.5,000 and Material which cost Rs.4,000 were lost. Some Material costing Rs.2,500 was sold at a profit of Rs.500. On 31st December 2016 Plant which originally cost Rs.2,000 was returned to Stores and Plant which cost Rs.3,000 was transferred to another Contract.

Work certified by the Architect was Rs.4,80,000 and 80% of the same was received in cash. The cost of work done but uncertified was Rs.3,000. Charge Depreciation on Plant @ 10% p.a. Prepare Contract Account for the year ended 31st December 2016.

3. During the year a Company’s profits as per Cost Accounts were Rs.23,063 whereas the Financial Accounts showed the profits as Rs.16,624. 20

From the following information prepare a Statement reconciling the two profits.
Profit & Loss A/c for the year ended 31st March 2017

	Rs.		Rs.
Opening Stock	2,47,179	Sales	3,46,500
Purchases	82,154	Closing Stock	75,121
Direct Wages	23,133		
Factory Overhead	20,826		
Gross Profit	48,329		
	4,21,621		4,21,621
Administration Expenses	9,845	Gross Profit b/d	48,329
Selling Expenses	22,176	Sundry Income	316
Net Profit	16,624		
	48,645		48,645

- The Cost Records show the following :
- a) Closing Stock - Rs. 78,197
 - b) Direct Wages absorbed - Rs. 24,867
 - c) Factory Overhead absorbed - Rs.19,714
 - d) Administration Expenses calculated at 3% of Selling Price
 - e) Selling Expenses at 5% of Selling Price
 - f) No mention of Sundry Income.

4. A Transport Company is given a 40 km long route to run 5 buses. The cost of each bus is Rs.6,50,000. The buses will make 3 round trips per day carrying on an average 80% passenger of their seating capacity. The seating capacity of each bus is 40 passengers. The buses will run on an average 25 days in a month.

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Additional information :

	Rs.
Garage Rent	4,000 per month
Annual Repairs & Maintenance	22,500 each bus
Salaries of 5 Drivers	3,000 each per month
Wages of 5 Conductors	1,200 each per month
Manager's Salary	7,500 per month
Road Tax, Permit Fee, etc.	5,000 per Quarter
Office Expenses	2,000 per month
Cost of Diesel per Litre	33
Kms run per litre for each bus	6 kms
Annual Depreciation	15% of cost
Annual Insurance	3% of cost

Calculate the bus fare to be charged per passenger kilometre to earn a profit of 25% on cost.

5. Following information is available for the year 2016 :

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	Rs.
Stock of Finished Goods on 1-1-2016	72,800
Stock of Raw Material on 1-1-2016	33,280
Purchase of Raw Material	7,59,200
Productive Wages	5,16,880
Works Overhead Charges	1,29,220
Office Overhead Expenses	70,161
Stock of Finished Goods on 31-12-2016	78,000
Stock of Raw Material on 31-12-2016	35,360

- a) Prepare a Cost Statement and determine the Prime Cost, Works Cost and Total Cost.
- b) Calculate the percentage of Works Overheads to Productive Wages and Percentage of Office Overheads to Works Cost.
- c) Based on the above percentages prepare a Statement showing the amount of Tender considering the following :
 - i) Raw Material required - Rs.25,000
 - ii) Wages to be paid to workmen Rs.31,200
 - iii) Profit required to be earned - 20% on Selling Price.

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

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- a) Escalation Clause in a Contract
 - b) Non-cost items of Expenditure
 - c) Abnormal Loss & Abnormal Gain
 - d) Operating Costing
 - e) Sub-Contract
 - f) Causes of differences between Cost and Financial Profits
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