

**Financial Accounting**

Duration – 2 hours

Financial Accounting

Max. marks 80

Instructions – 1. Question number 1 is compulsory

2. Answer any three questions from question no. 2 to 6

Q. 1. The Burger king supplies you the following information for the year ending 31<sup>st</sup> March 2017, you require you to prepare a Cost Statement showing (20 Marks)

1) Prime cost 2) Works cost 3) Cost of production 4) Cost of Sales 5) Profit 6) Sales

Particulars	Amount ( Rs)
Stock of Raw material on 01/04/2016	10,000
Stock of raw material on 01/03/2017	80,000
Direct Material purchased	1,00,000
Carriage inward	10,000
Carriage outward	20,000
Work in progress on 01/04/2016	20,000
Direct wages	60,000
Custom duty on raw material	5,000
Direct expenses	15,000
Factory Insurance	12,000
Factory lighting	20,000
Rent (To be allocated to factory, administration and selling dept. equally)	60,000
Managers salary (To be allocated to factory, administration and selling dept. in the ratio of 3:2:1)	90,000
Sale of scrap	4,000
Telephone expenses (to be allocated between administration and selling dept in the ratio of 2:3)	20,000
Printing and stationary	20,000
Office lighting	8,000
Legal charges	16,000
Depreciation on plant and machinery	30,000
Depreciation on office equipment	10,000
Warehouse expenses	35,000
Advertising	15,000
Stock of finished goods on 1/04/2016	45,000
Stock of finished goods on 31/03/ 2017	10,000
Profit to be charged at 25 percent on sales	

Q. 2. Bharat Construction has undertaken two contracts on 1<sup>st</sup> April 2016. the position of contract on 30<sup>th</sup> March 2017 is as follows

Particulars	Contract I (Rs)	Contract II (RS)
Contract price	15,00,000	30,00,000
Materials	2,90,000	5,40,000
Wages paid	5,62,000	8,25,000
Supervisors salary	10,000	25,000
Administrative expenses	4,000	5,000
Unused material at site	20,000	30,000
Wages payable	20,000	31,500
Cash received being 80 percent of work certified	7,20,000	9,60,000
Work uncertified	40,000	45,000
Material lost	4,000	8,000
Plant installed at site	80,000	1,50,000
Rate of depreciation on plant	15%	25%
Material transferred from contract I to contract II Rs 20,000		

Prepare Contract Accounts in respect of each work showing the notional profit and also profit to be transferred to Profit and Loss account (20 Marks)

Q. 3 the product of manufacturing concern passes through two processes A and B and then to finished stock. It is ascertained that in each process 5 percent of the total weight is lost and 10 percent is scrap which from process A and B realises Rs 150 per Kg and Rs 400 per Kg, respectively

Following are the figures relating to both the processes

Particulars	Process A	Process B
Materials ( kg)	1,000	200
Cost of Material ( Rs per kg)	250	400
Wages ( Rs)	2,500,00	1,20,000
Overheads (Rs)	59,000	33,500
Output ( Kg)	800	870

Prepare Process cost Accounts showing cost per Kg of each process, Normal Loss account, Abnormal Loss Account and Abnormal Gain Account. ( 20 marks)

Q. No 4. The following is the summary of profit and loss account of Bajaj Ltd. for the year ended 31<sup>st</sup> March 2017

Particulars	Rs	Particulars	RS
Raw material	1,20,000	By Sales ( 500 fans )	3,00,000
Labour	80,000	By sale of scrap	10,000
Direct expenses	20,000	By Finished stock ( 100 fans)	32,000
Factory expenses	40,000	By Profit on sale of investment	40,000
Office expenses	32,000	By Dividend received	38,000
Selling expenses	16,000		
Loss on sale of asset	4,000		
Goodwill written off	8,000		
Income tax paid	10,000		
Dividend paid	5,000		
Net profit	85,000		
	4,20,000		4,20,000



The Costing record shows :

1. Factory expenses charged at 20 percent of Prime cost
2. Office overheads 10 percent of works cost
3. Selling expenses at Rs. 15 per unit sold

You are required to prepare a Statement of Cost and Profit in Cost books of the company and to reconcile the profit disclosed with that shown in the Financial Accounts. ( 20 Marks)

Q No. 5 A) Kadamba transport runs a bus service from Cancona to Margao. Following are the details of cost incurred during financial year 2016-17. Ascertain the cost per passenger Kilometer of operating their service

1. Cost of bus Rs. 15,00,000
2. Life of bus 8 years
3. Scrap value Rs 1,00,000
4. Insurance per annum Rs. 80,000
5. Road tax annual Rs. 20,000
6. Garage rent Rs 5,000 per month
7. Annual repair Rs 1,60,000
8. Drivers salary Rs 26,000 per month
9. Conductors salary Rs. 12,000 per month
10. Managers Salary Rs 1,50,000 per annum
11. Stationery cost Rs 20,000 per annum
12. Cost of tyres Rs 20,000 per annum
13. Diesel consumption 8 kilometres per litre
14. Diesel cost Rs 60 per litre
15. Oil Rs 500 per month
16. Bus will take 2 round trips per day on 80 km Cancona to Margao route carrying average 40 passengers per trip, bus will work for 30 days in a month. ( 10 Marks)

Q. No. 5 B) Madgao Café is selling VadaPav, from the following information prepare marginal cost statement for each product and calculate ( 10 Marks)

1. Contribution per unit and total
2. P/V Ratio
3. Breakeven point in units and volume
4. Margin of safety

Selling price per VadaPav Rs 20  
Variable cost per VadaPav Rs. 12  
Fixed cost total Rs 60,000  
No of units sold 8,000

Question no 6. Write short notes on any four ( 4X5) 20 Marks

1. Normal loss and abnormal Loss
2. Overheads
3. Labour variance
4. Classification of budgets
5. Master budget
6. Methods of costing