

**M.Com. Semester-I Examination**  
**ADVANCED FINANCIAL & COST ACCOUNTING**

Time : Three Hours]

[Maximum Marks : 80

**Note :—** (1) All questions are compulsory.

(2) All questions carry equal marks.

(3) Give working notes wherever necessary.

1. The Book keeper of M/S Mahaveer Traders found that the credit side of the Trial Balance is more by Rs. 1100 than the debit side. He posted that difference to the debit of Suspense Account. You rectify the following errors calculate difference in trial balance ; Prepare Suspense Account.

- (1) While posting transaction from cash book to ledger accounts an amount of Rs. 830 which was to be posted on the credit side of Mr. Anand's Account an amount of Rs. 380 was in advertently debited to his account by mistake.
- (2) The depreciation of Rs. 1500 charged on Furniture was not posted to Depreciation A/c.
- (3) An amount of Rs. 17,500 paid for purchase of a computer was debited to purchase Account.
- (4) An amount of Rs. 1525 allowed as discount to Mr. Nandan but his account was credited by Rs. 1535.
- (5) The Sales Returns Book was overcast by Rs. 1000
- (6) Repairs expenses Rs. 750 after the purchase of an old motor cycle was debited to Repairs Account.
- (7) Sales of Rs. 6840 recorded in Sales Book were posted as Rs. 8640 in sales Account.
- (8) Proprietors drawings of Rs. 1500 for personal expenses had been debited to salaries A/c.

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**OR**

compute the value of Goodwill by using super profit method from the information given below :

- (1) Average Capital Employed in business Rs. 10,00,000
- (2) Business Profit during the last three years Rs.1,40,000, Rs. 1,00,000 and Rs. 1,20,000 respectively.
- (3) Estimated rate of return based on business risk : 8% per annum.

(4) Reasonable remuneration of the owner of business Rs. 24000 p.a., However the same is not considered while calculating profit.

(5) Goodwill is to be valued at three years purchase of average super profit. 16

2. The following are the balances of Manoj Company Ltd. as on 31<sup>st</sup> March 2018.

	Rs.		Rs.
Share Capital	40,00,000	Premises	30,72,000
12% Debentures	30,00,000	Plant	33,00,000
Profit and Loss A/c	2,62,500	Stock	7,50,000
Bills payable	3,70,000	Debtors	8,70,000
Creditors	4,00,000	Goodwill	2,50,000
Sales	41,50,000	Cash and Bank	4,06,000
General Reserve	2,50,000	Calls-in-Arrear	75,000
Bad Debt Provision (1-4-2017)	35,000	Interim Dividend Paid	3,92,500
		Purchase	18,50,000
		Preliminary Exp.	50,000
		Wages	9,79,800
		General Exp.	68,350
		Bad Debts	21,100
		Debenture Interest Paid	1,80,000
		Salaries	2,02,250

**Additional Information :**

- (a) Depreciation on Plant by 15%.
- (b) Preliminary Expenses write off 5000 Rs.
- (c) Half years Debenture Interest due.
- (d) Create 5% provision on Debtors for Doubtful Debts.
- (e) Provide Income Tax 1,80,000 Rs.
- (f) Closing stock was, valued Rs. 9,50,000.

Prepare final account and Balance Sheet.

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**OR**

The following is the Balance Sheet of Ashok Trading Co. Ltd. as on 31<sup>st</sup> December 2017.

**Balance Sheet**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capital		Land and Building	1,00,000
12000 shares or Rs.		Machinery and Plant	40,000
10 each fully paid	1,20,000	Stock in Trade	20,000
Profit and Loss A/c	4,000	Sundry Debtors	20,000
Sundry Creditors	30,000		
Bank overdraft	26,000		
	<b>1,80,000</b>		<b>1,80,000</b>

On 31 December 2017 the company has been absorbed by Dabur Trading Co. Ltd, on a consideration of Rs. 60,000 in cash and 6000 shares of Rs. 10 each at a market price of Rs. 12.50 per share of Dabur Trading Co. The cost of liquidation amounted to Rs. 5,000, which is borne by Ashok Trading Co.

Close the book of Ashok Trading Co. Ltd. and show the entries for recording the transaction in the books of Dabur Trading Co. Ltd. 16

3. Write concept of Cost Accounting. Explain scope and importance of Cost Accounting.

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**OR**

From the undermentioned particulars of the Motala Brick works you are required to prepare a monthly cost sheet of mini Bricks made in January 2018 showing cost and profit per 1000 bricks :

**Materials :**

Coals	31,50,000
Royalty	5,55,000
Stores	15,00,000

**Laboures :**

Direct	15,00,000
Brick-making	50,00,000

**Overhead :**

Works – 25% of prime cost  
Office – 10% of work cost

Production per month 74,00,000 bricks

Sales per month @ Rs. 2750 – 70,00,000 bricks.

Stock 1<sup>st</sup> January 2018 – 2,00,000 bricks

Stock 31<sup>st</sup> January 2018 – 6,00,000 bricks.

You have to assume that stock was valued at the same rate per 1000 bricks as the production for January 2018. 16

4. A transport service company is running 4 buses between two towns which are 50 km apart, Seating capacity of each bus is 40 passengers. The following particulars were obtained from their books for April 2018 :

Wages of Drivers and Cleaners	14,000
Wages of conductors	10,000
Salaries of office staff	12,000
Diesel oil and other oils	38,000
Repairs and maintenance	9,000
Taxation and Insurance	15,000
Depreciation	26,000
Road Licence fee per year	5000
Interest and other charges	15,000

Actual passenger lorried were 75% of the seating capacity. All the four buses run on all days of the month. Each bus made one round trip per day. Find out the cost per passenger k.m.

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**OR**

Work out, in the appropriate from the Machine Hours Rate of a Saw Mill with reference to the following items as per information extracted from the accounts books of a Wood Working Shop :

- (a) Purchase price of Saw Mill Rs. 9,00,000
- (b) Railway freight, other incidental charges and installation charges incurred for the equipment Rs. 1,00,000.
- (c) Life of Saw Mill is 10 Years @ 2000 working hours per year.
- (d) Repairs charges : 50% of Depreciation
- (e) Consumption of Power : 10 units per hour @ 10 Rs. per unit.
- (f) Lubricating oil @ Rs. 20 per day of 8 hours.

(g) Consumable stores @ Rs. 100 per day of 8 hours.

(h) Wages of machine operator @ Rs. 40 per day of 8 hours.

The residual scrape value of the Saw Mill is Nil.

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5. Write concept of Cost Audit. Explain Cost Audit Programme.

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### OR

SVC Industries produces a forgrade Product "Vikas" after it passes through three process S, V and C.

The following information has been obtained from the Cost Account for the month ending 31<sup>st</sup> Dec. 2017.

Items	Process		
	S	V	C
Direct Material	10400	7920	11848
Direct Wages	8000	12000	16000
Production Overheads	8000	12000	16000
Raw Material Introduced (Rs.)	12000	—	—
Raw Material Introduced (units)	1000	—	—

There was no opening or closing stock at the end of the period. The output of each process direct to the next process and finally to finished stock. The following additional data are obtained.

Process	Output	% of Normal wastage	Scrape value per Unit
S	950	5%	8 Rs.
V	840	10%	16 Rs.
C	714	15%	20 Rs.

Prepare Process Accounts.

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