

**M.Com. Part-I (Semester-I) (CBCS) Examination**  
**ADVANCED FINANCIAL & COST ACCOUNTING**

Time : 3 Hours]

[Maximum Marks : 80

- Note :-** (1) All questions are compulsory. Section A and Section B should both be solved.  
 (2) The figures to right indicate marks to the questions.  
 (3) Give working notes wherever necessary.

**SECTION—A**

1. Preliminary expenses do not include the cost of \_\_\_\_\_. 20
  - (a) Preparation of Memorandum of Association and Articles of Association
  - (b) Preparation and Issue of Prospectus
  - (c) Stamp duty on the Authorised Capital
  - (d) Preparation of Profit Report
2. Part I of Schedule VI of the Companies Act 1956 relate to:
  - (a) Balance Sheet abstract
  - (b) Profit & Loss Account
  - (c) Balance Sheet
  - (d) Income and Expenditure A/c
3. A Company having earned a profit after tax Rs. 6,00,000 in the year 2020-21 wants to pay a dividend of 25 % on its equity capital of Rs. 16,00,000. State the balance left in the Profit and Loss A/c:
  - (a) Rs. 2,00,000
  - (b) Rs. 80,000
  - (c) Rs. 1,40,000
  - (d) Rs. 4,50,000
4. Divisible profits include :
  - (a) General Reserve
  - (b) Profit on revaluation of assets
  - (c) Profit prior to incorporation period
  - (d) Capital Reserve
5. Investment Account is a :
  - (a) Personal Account
  - (b) Real Account
  - (c) Nominal Account
  - (d) All of the above
6. Investments held for more than one year are known as :
  - (a) Trade Investment
  - (b) Marketable securities
  - (c) Both ( a ) &( b )
  - (d) None of the above
7. Income Tax on interest , dividends and rent should be :
  - (a) Debited to provision for taxation
  - (b) Credited to provision for taxation
  - (c) Deducted from interest, dividends and rents
  - (d) None of these

8. A Provision for diminution in the value of a non current investment should be made when the decline is believed to be:
- (a) Temporary (b) Permanent  
(c) All the above (d) None of these
9. Prime cost is also known as:
- (a) First cost (b) Direct cost  
(c) Flat Cost (d) All the above
10. Works cost is also known as:
- (a) Manufacturing cost (b) Cost of production  
(c) Total cost (d) Quotation Price
11. Total of works cost and office overheads are known as :
- (a) Prime Cost (b) Cost of Production  
(c) Direct Cost (d) Works overhead
12. In absence of any clear cut information, joint office overheads will be allocated in which rate ?
- (a) Factory overheads (b) Factory cost  
(c) Prime cost (d) None of the above
13. In operating cost sheet, costs are classified into:
- (a) Fixed and Variable (b) Only fixed  
(c) Only variable (d) None of these
14. An example of simple cost unit in transport costing is:
- (a) per mile/km (b) per passenger  
(c) per km and per passenger (d) None of the above
15. In road repair and maintenance cost unit is :
- (a) per km (b) per passenger  
(c) per km and per passenger (d) None of the above
16. In Hotel-Lodge cost unit is:
- (a) Per passenger (b) Per room rent  
(c) Per passenger food (d) None of the above
17. The loss incurred on an incomplete contract is transfered to which account ?
- (a) Profit & Loss Account (b) Costing Account  
(c) Costing P & L Account (d) None of these
18. Contract price is not fixed:
- (a) In case of cost plus contract (b) In costing contract  
(c) In contract (d) None of these

19. Cost plus contract is useful\_\_\_\_\_.
- (a) From the point of view of contractee  
 (b) From the point of view of contractor  
 (c) From contractor and contractee's point of view  
 (d) None of the above
20. Contract is a valid agreement between contractor and \_\_\_\_\_.
- (a) Trader (b) Contractee  
 (c) Seller (d) None of these

**SECTION—B**

1. Following balances are extracted on 31st March, 2022 from the books of P & P Limited :

<b>Particulars</b>	<b>Amount</b>	<b>Particulars</b>	<b>Amount</b>
Factory Premises at Cost	4,50,000	Share capital :	
Plant & Machinery at cost	3,49,160	30,000, 7 % Preference shares	
Motor Lorries at cost	73,000	of Rs. 10. 00 each	3,00,000
Sundry Debtors	1,21,780	60,000 equity shares of	
Bad Debts written off	2,850	Rs. 10 each	6,00,000
Rent , Rates & Taxes	28,400	Profit & Loss A/c	16,240
Advertisement	19,500	Gross Profit for the year	2,46,640
Cash in hand & at Bank	68,500	Provision for doubtful debts	9,000
Director Fees	3,600	Sundry Creditors	1,29,640
Audit Fees	10,000	Transfer Fees	110
Stock on 31.03.2022	1,14,600	Accrued wages	12,840
Rent & Taxes paid in advance	7,980	Staff Benevolent Fund	17,900
Salaries and Wages	32,000		
Dividends paid on:			
Preference shares	21,000		
Equity shares ( Interim)	15,000		
Discount on issue of shares	15,000		
	<u>13,32,370</u>		<u>13,32,370</u>

The provision for doubtful debts is to be made upto Rs. 10,200. The Factory premises, Plant and Machinery and Motor Lorries are to be depreciated by 3 % , 15 % and 20 % respectively. The Authorised Capital of the company is Rs. 10,00,000 divided into 1,00,000 shares of Rs. 10 each . You are required to prepare:

- (i) a Profit and Loss account for the year ended on 31st March, 2022.

- (ii) a Balance Sheet as at 31st March, 2022 in the form prescribed under the Companies Act, 1956.

**OR**

From the following prepare Balance Sheet of A B Company Ltd as at 31st March, 2022 :

Particulars	Amount(Rs.)	Particulars	Amount(Rs.)
Cash & Bank Balance	2,55,000	Sundry Debtors	10,65,000
Advances	3,37,500	Miscellaneous Expenditure	45,000
Sundry Creditors	9,37,500	Provision for doubtful debts	30,000
Term Loans( secured)	13,50,000	Loans from Debtors	2,25,000
Unsecured Loans (Short term)	2,32,500	Stores	3,75,000
Staff Advances	60,000	Stock of finished goods	6,00,000
Provision for taxation	1,50,000	Capital Work in Progress	2,25,000
Share Premium	6,00,000	General Reserve	24,00,000
Loss tools	75,000	Fixed Assets	42,00,000
Investments	1,87,500		

Additional information:

- (a) Share Capital consists of 75,000 equity shares of Rs. 10 each, fully paid.
- (b) 10 % Redeemable preference shares amounted to Rs. 6,00,000.
- (c) Depreciation on fixed assets Rs. 4,50,000.
- (d) Profit and Loss Account ( Loss for the year ) Rs. 3,00,000. 12
2. On 1st May, 2015 Pratik purchased 300, 12 % debentures of Rs. 100 each in Mix Co Ltd @ Rs. 96 cum - interest from Salil. Interest on debentures is payable on 31st March and 30th September every year. Pratik closes his book of accounts on 31st December every year . Prepare debentures account in the ledger of Pratik for the year ending 31st December, 2015.

**OR**

On 30th April 2018 Mr. Gothi purchased 8000, 6 % Preference Shares of Rs. 10 each @ Rs.12 per 6 % Preference Share cum -dividend . Dividend is payable every year on 1st July and 1st January. These 6 % Preference Shares were sold on 31st August 2018 @ Rs. 11 per 6 % Preference share cum dividend.

Give the Journal entries in the books Mr. Gothi. Mr. Gothi closes his books on 31st December each year. 12

3. The following figures are collected from the books of an Iron Foundry after the close of the year :

Raw Materials:

Opening stock in the beginning of the year	Rs. 70,000
Purchases during the year	5,00,000
Closing Stock at the end of the year	50,000
Direct Wages	1,00,000
Work overhead - 50 % of direct wages	
Stores overhead on material-10 % of the cost of material	

10 % of the castings were rejected being not upto specification and a sum of Rs. 4,000 was realised on sale as scrap.

10 % of the finished castings were found to be defective in manufacture and were rectified by expenditure of additional work overhead charges to the extent of 20 % on the ( proportionate) direct wages. . The total gross output of castings during the year 1000 ton.

Find out the manufacturing cost of the saleable castings per ton.

**OR**

Describe the term " Cost Accounting ". State its scope and limitations. 12

4. Work out in the appropriate cost sheet form, the unit cost per passenger kilometer for the month July, 2022 for a fleet of passenger buses run by a Transport Company. The following figures are extracted from the books of the company for the month July, 2022

5 Passenger buses cost Rs. 5,00,000 , Rs. 12,00,000, Rs. 4,50,000, Rs. 5,50,000 and Rs. 8,00,000 respectively. Yearly depreciation of vehicle is 20 % of the cost . Annual repair, maintenance and spare parts is 80 % of Depreciation.

Wages of 10 Drivers	: Rs. 10,000 each per month per driver
Wages of 20 Cleaners	: Rs. 5,000 each per month per cleaner
Yearly rate of interest	: 4 % on capital
Rent of Six Garages	: Rs. 5,000 each per month
Directors fees	: Rs. 40,000 per month
Office establishment	: Rs. 1,00,000 per month
Licence and Taxes	: Rs. 1,00,000 every six months
Realisation of the sale proceeds of old tyres tubes:	Rs. 3,20,000 every six months

900 passengers were carried over 1600 kilometres during the year.

**OR**

Component 80 X is made entirely in cost centre 10. Material cost Rs. 50 per component and each component takes 12 minutes to produce. The machine operator is paid Rs. 120 per hour and the machine hour rate is Rs. 200. The setting up of the machine to produce Component 80 X takes 2 hours .

On the basis of above information , prepare cost sheet showing the production and setting up cost both in total and per component, assuming that a batch of (a) 10 components (b) 100 components and (c) 500 components is produced. 12

5. Mr. Pandurang undertook a contract, the contract price being Rs. 10,00,000. The contract commenced on 1st January, 2022. During the year work certified was valued Rs. 5,00,000 of which 75 % was received . Work uncertified amounted to Rs. 1,00,000. The following expenses were incurred:

	Rs.
Materials	3,00,000
Labour	2,00,000
Plant	1,00,000
Indirect Expenses	50,000
Direct Expenses	80,000

At the end of the year wages accrued were Rs. 20,000 . Materials in hand Rs. 10,000 and plant in hand Rs. 15,000.

Prepare necessary accounts and the Balance Sheet.

**OR**

State the objects and advantages of cost audit.

Do you think that cost audit is essential for manufacturing concerns ? 12