

(3 Hours)

[Total Marks : 100]

- N. B. : (1) Question No. 1 is compulsory.
 (2) Attempt any three questions from question Nos. 2 to 7.
 (3) Figures to the right indicate full marks.

1. The Trial Balance of Rajesh as on 31st March, 2016 was as follows :— 40

Debit Balance	₹	Credit Balance	₹
Opening Stock :		Sundry Creditors	34,000
Raw Materials	46,000	Bills payable	17,000
Work in Progress	20,000	Sale of Scrap	3,000
Finished Goods	31,000	Commission	700
Sundry Debtors	54,000	Provision for Doubtful Debts	3,300
Carriages on Purchases	3,000	Capital A/c	2,00,000
Bills Receivable	36,000	Sales	4,00,000
Wages	24,000	Current A/c of Rajesh	19,400
Salaries	20,000		
Telephone Charges	1,000		
Postage	1,000		
Repairs to Plant	2,400		
Repairs to Office Furniture	1,200		
Purchases	2,00,000		
Cash at bank	24,000		
Plant and Machinery	1,80,000		
Office Furniture	18,000		
Rent	10,000		
Lighting	2,600		
General Expenses	3,200		
	6,77,400		6,77,400

The following additional information is provided to you :

- (a) **Closing stock :** ₹
- Raw materials 31,600
- Finished goods 36,400
- Semi-finished Goods 14,000
- (b) Salaries unpaid for 31st March, 2016 2,000
- (c) Wages unpaid for 31st March, 2016 6,000
- (d) Machinery is to be Depreciated by 10%
- (e) Office furniture is to be Depreciated by 5%
- (f) Provision for Doubtful Debts is to be maintained at 10%
- (g) Lighting is to be divided between office premises and factory. Lighting is to be charged to office premises ₹ 600 and remaining ₹ 2,000 are to be charged to factory.

[TURN OVER

(h) Factory Premises occupy $1/4^{\text{th}}$ of total area.

You are required to prepare the Manufacturing A/c, Trading Profit and Loss A/c and the Balance Sheet as on 31st March, 2016.

2. Reliable Limited Company issued a prospectus inviting applications for 20,000 shares of ₹ 100 each at a premium of ₹ 20 per share payable as follows : 20

On application	₹ 20
On allotment	₹ 50 (including premium)
On first call	₹ 20
On final call	₹ 30

Application were received for 30,000 shares and pro-rata allotment was made on the applications for 24,000 shares. Money overpaid on applications was employed on account of sum due on allotment.

Aditya to whom 400 shares were allotted, failed to pay allotment money and on his subsequent failure to pay the first and final call his shares were forfeited. Mohan, the holder of 600 shares, failed to the both calls, and his shares were forfeited after final call.

Of the shares forfeited, 800 shares were reissued to Krishna for ₹ 80 each credited as fully paid the whole of Aditya's shares being included.

Show journal entries and the Balance Sheet.

3. From the following particulars prepare bank reconciliation statement as on 31st March, 2016. 20

- Overdraft on 31st March, 2016 as per bank cash book ₹ 45,000.
- On 25th March, 2016 several cheque worth ₹ 24,000 were deposited in the bank out of which cheque worth ₹ 15,000 are cleared and credited in the pass book before 31st March, 2016.
- Cheque worth ₹ 48,000 were issued during the month but only cheque worth ₹ 28,500 were presented for payment.
- Interest charged by the bank ₹ 2,250 is not recorded in the cash book.
- Dividend on shares ₹ 3,750 was collected by the bank, but no entry was passed in the cash book.
- A customer, Mr. Aditya deposited ₹ 10,500 into bank account directly.
- Bank charges and comission charged by bank ₹ 300.
- Insurance premium ₹ 900 was directly paid by bank but not recorded in the cash book.
- Two cheques of ₹ 3,750 and ₹ 2,250 were issued on 25th March, 2016 but were presented for payment on 2nd April, 2016

Con. 225-RG-4095-16.**3**

- 4 M/s. ABC Ltd. purchased a machine on 1st January, 2012 for Rs. 80,000. On 1st July, 2013 another machine was purchased for ₹ 40,000. On 1st Jan, 2014 one more machine was purchased for ₹ 20,000. The machinery purchased on 1st January, 2012 became obsolete and was sold for ₹ 25,000 on 1st April, 2014 and another machinery was acquired worth ₹ 1,00,000 to replace the same. The Company depreciates its machinery @20% p.a. on diminishing balance method.

Show the Machinery A/c and depreciation A/c for the first 4 calendar years.

5. Explain accounting concept and conventions. **20**
6. Although the Journal can be used to record all types of transactions, it is advisable to use the journal for limited purpose only. Why ? What are such purposes ? **20**
7. Write short notes on (any **four**) :— **20**
- (a) Cash and trade discount
 - (b) Needs for study of accounts
 - (c) Petty cash book
 - (d) Trial balance
 - (e) Adjusting entries
 - (f) Double Entry book-keeping system.

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Con. 238-16. Basic cost concept

RG-4353

(3 Hours)

[Total Marks : 100

NB:1) Attempt any FIVE questions.

- 2) Figures to the right indicate full marks.
- 3) Working notes form part of answer.
- 4) All questions carry equal marks.

Q.1) XYZ manufacturing company produces 7500 units by utilizing its 75% capacity, supplies you the following cost information: (20)

Cost information at 75% capacity utilization (For 7500 units)

Particulars	Amount
Direct Materials	7,50,000
Direct Labour	6,00,000
Direct Expenses	3,00,000
Factory Overheads	4,50,000
Office Overheads	3,00,000
Selling Overheads	1,50,000

Additional information:

- a) Direct material, direct labour and direct expenses are variable cost.
- b) Factory overheads per unit increases by 10%, if capacity utilization goes down below the 75% and decreases by 15% if capacity utilization goes up above the 75%.
- c) Office overheads are fixed overheads.
- d) Selling overheads per unit increases by 20% if capacity utilization goes down below 75% and decreases by 25% if capacity utilization goes up above the 75%.
- e) It is the policy of the company to charge profit at 20% on selling price.

You are required to prepare a flexible budget at 60%, 75% and 100% capacity utilization.

Q.2) The following data pertains to Process I for March 2015 of Delta Limited: (20)

Particulars	Units	RS.
Opening Work –in-progress.	2,000	20,000
Degree of completion:		
Material 100%; Labour and Overheads 30%		
Input of materials	18,000	51,250
Direct Labour		15,650
Overheads		31,300
Closing Work –in-progress	2,500	

Degree of completion materials 90% and Labour and Overheads 30%.

Units transferred to the next process 15,500 units.

Normal process loss is 10% of total input.

Scrap value is 2.00 p.u.

You are required to:

- 1) Compute Equivalent units of production.
- 2) Compute cost per equivalent unit for each cost element.i.e. Materials, labour and overheads.
- 3) Compute the cost of finished output and closing work-in-progress.
- 4) Prepare the process and other account.
- 5) FIFO method is used by the company.

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[TURN OVER

Q.3) JM LTD. And RM LTD. are manufacturing the same product. The Profit & Loss details are as under:

Particulars	JM LTD	RM LTD
Sales	11,00,000	11,00,000
(-) variable cost	6,60,000	4,40,000
	4,40,000	6,60,000
(-) Fixed cost	1,40,000	3,60,000
Profit	3,00,000	3,00,000

You are required to calculate :

- 1) P/V RATIO
- 2) BEP
- 3) Profits of each company if sales increases by 20 %
- 4) The amount of sales required to earn a profit of 54,000. (20)

Q.4) The following details relating to a product are made available to you: (20)

Standard Cost per unit;

Materials 50 kg @ 4per kg

Labour 400 hours @ 1 per hour

Actual Cost;

Material 49,000 kg @ 4.2 per kg

Labour 3, 96,000 hours @ 1 per hour

Actual Production 1,000 units.

You are required to calculate:

- | | |
|----------------------------|-------------------------------|
| 1) Material cost variance | 2) Material Price variance |
| 3) Material Usage Variance | 4) Labour Cost Variance |
| 5) Labour Rate Variance | 6) Labour Efficiency Variance |

Q.5) The following information relate to a building contract for 30, 00,000.

Particulars	Year ended 2014	Year ended 2015
Materials Issued	7,00,000	1,68,000
Direct Wages	4,80,000	2,00,000
Sub contract charges	24,000	20,000
Debris removal charges	20,000	—
General expenses	12,000	2,800
Supervision charges	20,000	10,000
Work certified (cumulative)	22,50,000	30,00,000
Work uncertified	20,000	—
Materials at site at the end	10,000	—
Plant issued	28,000	4,000
Materials return to stores	—	14,000
Cash received during the year	18,00,000	12,00,000

The value of the plant at the end of 2014 and 2015 was RS.14, 000 and 10,000 respectively.

You are required to prepare Contract Account for the year 2014 and 2015.

5

Q.6) a) Define Marginal costing. Explain the significance of Marginal Costing. (10)

b) Discuss in brief different methods of costing. (10)

Q.7) Distinguish between :(Any Two) (20)

a) Financial Accounting and Cost Accounting

b) Marginal Costing and Absorption Costing

c) Standard Costing and Budgetary Control.

Q.8) Short Notes :(Any Four) (20)

a) FIFO method

b) Labour Variance

c) Flexible Budget

d) BEP analysis

e) Classification of Overheads on the basis of functions.

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Con. 239-16.

Financial management - I
(3 Hours)

RG-4894

[Total Marks : 100

N.B.

- Questions No. 1 is compulsory.
- Attempt any Four questions from questions 2 to 8.
- All questions carry 20 Marks Each
- Suitable assumptions can be made if needed; working notes form part of your answer.
- Use of Simple Calculator is permitted.

1. From the following information prepare a statement showing Sources and Application of Funds for the year ended 31st December, 2015 with full working details.

Balance sheet as on 31st December

Liabilities	2014 ₹	2015 ₹	Assets	2014 ₹	2015 ₹
Share Capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investment (Non Current)	50,000	60,000
Profit and Loss A/c	56,000	68,000	Inventories	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Provisions for Tax	75,000	10,000	Bank	1,49,000	1,97,000
Mortgage Loan	Nil	2,70,000			
	10,49,000	12,42,000		10,49,000	12,42,000

Additional Information:

- Investment costing ₹8,000 were sold during the year 2015 for ₹8,500.
 - Provision for taxation made during the year was ₹9,000.
 - During the year part of the fixed assets costing ₹10,000 was sold for ₹12,000. The profit was included in profit and loss account.
 - Dividend paid during the year amounting ₹40,000.
2. The following financial information of Maliya Ltd. is available for the year ended 31st March, 2015.

Current Ratio	2.5
Quick Ratio	1.5
Fixed Assets to Proprietors Fund	0.6
Gross Profit Ratio	25%
Stock Turnover Ratio	5 Times
Debtors Collection Period (360 days in a Year)	45 Days

7

[TURN OVER

Net Profit Ratio (NPAT)	15%
Equity Share Capital (₹10 each)	₹1,00,000
Working Capital	₹1,56,000
Bank Overdraft	₹24,000
Fictitious Assets	Nil
Fixed Assets	₹2,34,000

- There were also free reserves brought forward from earlier year.
- Current Assets Include stock, Debtors and Cash only.
- Closing Stock was 25% higher than opening stock.
- All the purchases and sales are on credit basis.

Prepare Balance Sheet from the above information.

3. A factory is produces 96,000 units during the year and sells them for ₹50 per unit. Cost structure of a product is as follows:

Particulars	%
Material	60%
Labour	15 %
Overheads	10%
Total	85%
Profit	15%
Selling Price	100%

The following additional information is available:

- The activities of purchasing, producing and selling occur evenly throughout the year.
- Raw material equivalents to 1 month's supply are stored in godown.
- The production process takes 1 month.
- Finished goods equal to three month's production are carried in stock.
- Debtors get 2 month's credit.
- Creditors allow 1 ½ month's credit.
- Time lag in payment of wages and overheads is ½ month.
- Cash and bank balance is to be maintained at 10% of working capital (Including cash and Bank Balance).
- 10% of sales are made at 10% above the normal selling price.

Draw a forecast of working capital requirement of the factory.

4. Modi Ltd. is considering investment in a project requiring capital ₹50,000 . Expected annual profit after depreciation bur before tax is follows:

Year	1	2	3	4	5
Profit	30,000	30,000	28,000	28,000	14,000

Depreciation is charged @ 20 % on straight line method and tax rate is at 50% on net income.

The present value of ₹1 @ 10% Discounting factor is as follows:

Year	1	2	3	4	5
Present value Discounting Factor	0.909	0.826	0.751	0.683	0.621

You are required to calculate:

- a) Pay Back Period
 - b) Rate of Return on Original Investment
 - c) Rate of Return on Average Investment
 - d) Discounted Pay Back Period.
5. Explain in details the various sources of Long Term Finance.
6. What is Equity shares. Briefly explain the features, advantages and disadvantages of Equity Shares.
7. **Write Short Notes on any Four of the following;**
- a) Bonus Shares
 - b) Factor affecting working capital
 - c) Net Present Value
 - d) Leverages
 - e) Factor affecting payment of dividend
 - f) Liquidity Ratios
8. **Compare and contrast any Two:**
- a) Shares and Debentures
 - b) Profitability and Solvency Ratio
 - c) ARR and IRR
 - d) Own Funds and Owed Fund

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(3 hours)

100 marks]

Instructions;

1. Question No. 1 is Compulsory.
2. Attempt any three questions from the remaining.
3. All question carry 25 marks each
4. Working should form part of the answers.

Q 1. Arun gives below the Profit and Loss A/c of his proprietary concern for the year ended 31st March, 2015.

Particulars	Rs.	Particulars	Rs.
To Salaries	24,000	By Gross Profit b/d	10,00,000
To Arun's Salary	12,000	By Interest on Government Securities	20,000
To General Expenses	11,000	By Dividend from Indian Companies	4,000
To Bad Debts	3,000	By Interest on Post Office Saving Bank	3,000
To Advertisement	8,000	By Winning from Camel Race	6,000
To Fire Insurance Premium	3,000	By Interest on Bank Fixed Deposits	12,000
To Depreciation	8,000	By Interest on Bank current accounts	10,000
To Motor Car Expenses	3,000	By Interest on Bank Fixed Deposits	11,000
To Donation	5,000		
To Sales Tax	29,000		
To Interest on Capital	3,000		
To Provision for Contingencies	10,000		
To Income Tax	10,000		
To Life Insurance Premium	2,00,000		
To Net Profit	3,37,000		
Total	10,66,000		10,66,000

Other information

1. He is severely handicapped to the extent of 85%
2. General expenses include personal expenses of Rs. 2000
3. Depreciation allowed as per as per Income Tax Act Rs 5,000.
4. Advertisement expenses include Rs. 1500 for sponsoring sports activities amongst his employees

5. Out of Sales Tax Debited to Profit & Loss Account an amount of Rs. 4500 is not paid till date of filling of Income Tax Return
 6. Winning from camel Race if after T.D.S. of Rs. 1,000
 7. He received gift of Rs 50,000 from his wife and Rs 80,000 from a distant relative.
- Compute the total income for the assessment year 2015-16

Q 2) Arajoo works with University of Mumbai as Director IDOL. She gives you the following information for the year ended 31st March, 2015.

- (1) Basic Salary (Gross) Rs. 6,90,000 per annum.
- (2) Dearness Allowance Rs. 1,20,000 per annum
- (3) Advance Salary Rs. 1,00,000
- (4) Entertainment Allowance Rs. 10,000
- (5) Travelling Allowance Rs 50,000 (Amount actually spent on travelling for official purposes Rs. 40,000).
- (6) Profession Tax deducted from Salary Rs. 2,500 ..
- (7) Other Receipts
 - a) Rs. 40,000 dividend on Equity Shares from Tata Sons Ltd Limited
 - b) Rs. 22,000 as interest on Debentures of Reliance Ltd
 - c) Examination remuneration of Rs 10,000 from University of Mumbai and Rs 15,000 from MPSC
- (8) Other information ;
 - (a) Spent Rs 25,000 on treatment of her dependant handicapped brother with 50% disability.
 - (b) Paid Rs 72,000 as interest on loan taken from Dena Bank for higher education of her son for pursuing BE (Comp Sc) with IIT , Mumbai .

Compute her total Income for the assessment year 2015-16

Q.3) Sanjeevani gives the following information in respect of her house property for the previous year 2014-15:

- a) She owns two flats in Shivaji Park and Khar having fair rental value of Rs 2,00,000 and Rs 2,50,000 respectively . Municipal taxes paid are at 20% of the fair rental value. Sanjeevani uses both the houses for her residence. She incurs Rs 30,000 each flat for repairs of the flats. Interest is accrued at 10% per annum on Bank loans of Rs 20,00,000 each flat taken for their purchase . .



b) Sanjeevani also has a flat in Pune having fair rental value of Rs 6,00,000. It is let out for Rs 4,50,000 . Standard rent in Pune for this flat is Rs 4,80,000. She pays interest of Rs 2,50,000 on a loan taken for purchase of this flat . Municipal taxes are Rs 50,000 shared equally with the tenant . Because of a dispute with the tenant Sanjeevani refuses to carry out any repairs of the flat .

Sanjeevani has She has salary income of Rs 30,00,000 and she pays LIC premium of Rs 5,00 ,000 . Compute her total income for the assessment year 2015-16 .

Q 4) Ganesh an Indian Citizen, left India for the first time on 22-09-2014 for his employment in the United Kingdom and did not return to India till 31st March, 2015. Determine his residential status for the Assessment Year 2015-16. Will it make any difference if Ganesh has gone out of India on visit .

Q 5) Exhaling any five terms as per the Income Tax Act, 1961

- (a) Non Resident
- (b) Person
- (c) Pervious year
- (d) Capital Asset
- (e) Leave Travel Allowance
- (f) Transfer
- (g) Gross Total Income

Q 6) Explain the terms " short term capital gain and 'long rem capital gain ' Also explain the tax treat of long term and short term capital gains

Q7. Discuss the provisions of Income Tax Act ,1961 in regard to set off and carry forward of losses .

Q8 . Discuss the providing of section 56 in regard to tax incidence on gifts. Are there any exemptions or exceptions ??

14/10/2014
(10) 10/10/14

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