

Con. 237-15.

(3 Hours)

[Total Marks : 100

F.Y.P.G.D.F.M  
Accounting System

MG-2339

JUNE  
2015

I.B. : (1) QUESTION NO.1 IS COMPULSORY.

(2) ATTEMPT ANY THREE QUESTIONS FROM QUESTION 2 TO 7.

(3) FIGURES TO THE RIGHT INDICATE MARKS.

L. The trial balance of Mehta Corporation, Mumbai as on 31.3.2015 is as below.

(40)

Particulars	Amt.
Capital Account ( Including Rs.5,000 introduced on 1.10.2014)	22,500
<u>Stock on 1.4.2014</u>	
Finished Goods	3,500
Work in progress	7,000
Raw Material	3,000
Purchase of Raw Material	70,500
Machinery	22,500
Sales	1,26,225
Carriage Inward	750
Carriage outward	450
Rent ( Including Rs.450 for the factory Premises)	1,350
Rebate and Discount allowed	105
Fire Insurance (for Machinery)	210
Sundry Debtors	18,900
Sundry Creditors	5,100
Reserve for Bad and Doubtful Debts	60
Printing and Stationery	180
Miscellaneous Expenses	840
Advertisement	4,500
Drawing	1,800
Office Salaries	5,400
Manufacturing Wages	6,000
Furniture and Fixtures	2,250
Factory Power and Fuel	300
Cash in Hand	600
Balance with Bank	3,750

(1)

[TURN OVER

Adjustments:

- I. Provide for Interest @ 10% per annum on Capital. (No Interest on drawings need be provided).
- II. A Motor Car Purchased on 1.10.2014 for Rs.6,000 has been included in "Purchases".
- III. Provide Depreciation:  
 Machinery @10% P.a.  
 Motor Car @ 20% p.a.  
 Furniture and Fitting 10% p.a.
- IV. Provision for unrealised rent in respect of a portion of the office sublet at Rs.50 per month from 1.10.2014 has to be made.
- V. Sundry Debtors include bad debts of Rs. 400 which must be written off.
- VI. Provision for bad and doubtful debts as on 31.3.2015 should be maintained at 10% of the debtors.
- VII. A sum of Rs.2,000 transfer from the Bank Account to Fixed Deposit Account on 1.8.2014 has not been passed through books.
- VIII. Stock as on 31.3.2015.  
 Finished Goods Rs.5,000  
 Raw Material Rs.1,000  
 Work In progress Rs. 5,500

Prepare the Manufacturing, Trading and Profit and Loss Account for the year ended 31.3.2015 and Balance Sheet as on that date after making the necessary adjustment.

2. The cash book of Mr. Avinash shows Rs.8,364 as the balance at Bank as on 31<sup>st</sup> December, 2014 but you find that this does not agree with the balance as per the Bank pass book. On scrutiny, you find the following discrepancies:
  - I. On 15<sup>th</sup> December, 2014 the payment side of cash book was undercast by Rs.100.
  - II. A cheque for Rs.131 issued on 25<sup>th</sup> December, 2014 was taken in the cash column.
  - III. A deposit of Rs.150 was recorded in the cash book as if there is no Bank column therein.
  - IV. On 15<sup>th</sup> December, 2014 the debit balance of Rs.1,526 as on the previous day was Brought forward as credit balance.
  - V. Of the total cheque amounting to Rs.11,514 drawn in the last week of December, 2014, cheque aggregating Rs.7,815 was encashed in December.
  - VI. Dividend of Rs.250 collected by the bank and subscription of Rs.100 paid by bank were not recorded in the cash book.
  - VII. One out-going cheque of Rs.350 was recorded twice in the cash book.

Prepare reconciliation statement as on 31<sup>st</sup> December, 2014.

(20)

3. Chopde Ltd. issued 20,000 shares of Rs.100 each at a premium of Rs.10 per shares. The shares amount was payable as follows.

On application	Rs.20
On Allotment	Rs.40 (Including Premium)
On First Call	Rs.25
On Final Call	Rs.25

Applications were received for 15,000 shares and all these application were allotted shares. The Directors made all the call on shares. The first call money was not received on 1,000 shares and the second call money on 500 shares. The directors forfeited shares on which the first call was not paid. Of the forfeited shares, 500 shares were reissued as fully paid at Rs.70 per shares.

**Give journal entries & prepare share forfeiture account in books of company. (20)**

4. Puri maintains only one ledger account for all machineries. He purchased the following machineries. (20)

Date of Purchases	Amount Rs.
1.4.2012	64,000
1.7.2012	38,000
1.10.2012	80,000
1.4.2013	86,000
31.3.2014	1,00,000

A machine purchased on 1<sup>st</sup> April, 2012 was burnt on 1<sup>st</sup> October, 2012. The scrap value recovered was Rs.4,000.

A Machine purchased on 1<sup>st</sup> July, 2012 was sold for Rs.60,000 on 31<sup>st</sup> March, 2014.

Depreciation is charged under Straight line Method @10% p.a.

**You are required to prepare Machinery Account for 3 years ended 31<sup>st</sup> March, 2015.**

5. Explain the various accounting concepts and conventions in detail. (20)
6. What do you mean by Bills of exchange and give all possible options under it. (20)

7. Write Short Notes on: (Any Four)

(20)

- a) AS-2 Valuation of Inventories
- b) Computerized Accounting
- c) Type of Errors
- d) Methods of Depreciation
- e) Sweat Equity shares
- f) Double Entry System

On application	Rs. 20
On Allotment	Rs. 10 (including Premium)
On First Call	Rs. 25
On Final Call	Rs. 25

Applications were received for 15,000 shares and all these applications were allotted shares. The Director made all the call on shares. The first call-money was not received on 1,000 shares and the second call money on 500 shares. The directors forfeited shares on which the first call was not paid. Of the forfeited shares, 500 shares were reissued as fully paid at Rs. 70 per share.

Give journal entries & prepare share forfeiture account in books of company. (20)

A firm maintains only one ledger account for all machines. He purchased the following machines. (20)

Date of Purchase	Amount Rs.
1.4.2012	64,000
1.7.2012	98,000
1.10.2012	80,000
1.4.2013	88,000
31.3.2014	1,00,000

A machine purchased on 1<sup>st</sup> April, 2012 was sold on 1<sup>st</sup> October, 2012. The scrap value recovered was Rs. 4,000.

A machine purchased on 1<sup>st</sup> July, 2013 was sold for Rs. 60,000 on 31<sup>st</sup> March, 2014.

Depreciation is charged under straight line Method @10% p.a.

You are required to prepare Machinery Account for 3 years ended 31<sup>st</sup> March, 2015.

8. Explain the various accounting concepts and conventions in detail. (20)

9. What do you mean by bills of exchange and give all possible options under it. (20)

Con. 248-15.

Basic cost concept

MG-2110

(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) From the following prepare Cash Budget for the period from January to June when the opening cash balance was 50,000. (20)

MONTH	SALES	SELLING EXPS	PURCHASES	WAGES	FACTORY EXPS	ADMINISTRATIVE EXPS
NOVEMBER	3,60,000	13,000	1,60,000	28,000	20,000	10,000
DECEMBER	3,30,000	16,000	1,58,000	34,000	21,000	10,000
JANUARY	5,94,000	12,000	1,64,000	3,30,000	22,000	10,000
FEBRUARY	3,30,000	11,600	1,64,000	20,000	23,000	10,000
MARCH	3,50,000	15,000	1,56,000	37,000	24,000	10,000
APRIL	4,20,000	13,800	1,34,000	31,000	23,000	10,000
MAY	3,60,000	11,200	40,000	32,000	22,000	10,000
JUNE	4,80,000	9,800	1,14,000	33,000	21,000	10,000

- a) Period of credit allowed by suppliers 1 month and to customers is 2 months.  
 b) Lag in payment of:  
     Wages : 1 month  
     Factory : 1 month  
     Administrative exps : 1 month  
     Selling exps : ½ month  
 c) Machinery purchased for 95,000 in January payable on delivery in February.  
 d) Buildings purchased in February 3, 05,000 payable in two equal installments in March and May.

Q.2) A manufacturer sells 30,000 units of pen sets annually at 475 per pen set. (20)

The cost incurred is as follows:

Materials	160/- per pen set
Labour	95/- per pen set
Other variable cost	30/- per pen set

Total fixed cost for the year are 27, 00,000.  
 Calculate:-

- a) P/V Ratio, Break-even point in value  
 b) Calculate the profit at annual sale of 25,000 pen sets  
 c) MOS  
 d) No. of pen sets sold at a profit of 4, 35,000

Q.3) Standard Material for 100 kg. Chemical A is given below: (20)

[TURN OVER

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KG		TOTAL
45	of Material X at 4 per kg	180
40	of Material Y at 8 per kg	320
25	of Material Z at 12 per kg	300
110		800
10		-
100		800

Actual production is 2,000 units of Chemical A and actual material wage is as follows:

KG		TOTAL
1000	of Material X at 3.80 per kg	3,800
850	of Material Y at 8.40 per kg	7,140
450	of Material Z at 13.00 per kg	5,850
		16,790

Calculate:

- a) Material Cost Variance
- b) Material Price Variance
- c) Material Usage Variance
- d) Material Mix Variance
- e) Material Yield Variance

Q.4) Revati (p) Ltd. gives the following particulars relating to Process A in its plants for the month of December 2014: (20)

PARTICULARS	AMOUNT
WORK-IN-PROGRESS(opening balance) on 1-12-14	
500 units Material	4,800
Labour	3,200
Overheads	6,400
	14,400
Units introduced during the month	19,500
Processing Cost incurred during the month:	
Material	1,86,200
Labour	72,000
Overheads	1,06,400
	3,64,600
Output: Units transferred to process B	18,200
Units scrapped ( completely processed)	1,400
WORK -IN-PROGRESS( closing balance)	400
(Degree of completion: material-100%, Labour and Overheads 50%)	

Normal Loss in processing is 5% of total input and normal scrapped units fetch Re.1 each.

Prepare the following statements for process A for December 2014.

- a) Statement of Equivalent Production
- b) Statement of Cost
- c) Statement of Evaluation
- d) Process A Account

Q.5) Prepare the Contract Account from the following information as on 31<sup>st</sup> March ,2015. (20)

PARTICULARS	CONTRACT A	CONTRACT B	CONTRACT C
Contract Price	2,00,000	70,000	35,000
Materials sent to site	29,800	12,400	1,600
Wages	23,000	11,400	2,400
O/S wages at the end	20,000	12,000	----
General exps paid	6,500	700	400
Prepaid exps (including gen exps)	500	60	100
Material at site (at the end)	9,000	3,600	1,400
Architects fees	1,600	800	200
Work Certified	1,00,000	42,000	7,000
Work Uncertified	2,800	1,800	290
Cash received from Contractee	75,000	31,500	2,700
Date of commencement	1-4-2014	1-10-2014	1-1-2015
Plant installed at site	8,000	3,200	1,200

Depreciate Plant for:-

Contract A 10% p.a.

Contract B 5% p.a.

Contract C 15% p.a.

Q.6) a) Explain the different types of Labour Variances. (10)

b) Distinguish between Marginal Costing and Absorption Costing. (10)

Q.7) Attempt any TWO (20)

a) Define Marginal Costing. Explain the significance of Marginal Costing.

b) Explain different types of Material Variances.

c) LIFO method and FIFO method of stock valuation.

Q.8) Short Notes (any FOUR) (20)

a) Flexible Budget

b) Normal cost and Abnormal cost

c) Limiting Factor

d) Classification of Overheads on the basis of Functions

e) Labour Turnover

- N:B—(1) Question No. 1 is compulsory.  
 (2) Attempt any four question from the remaining.  
 (3) All questions carry 20 marks.  
 (4) Workings to form part of your solution, assumptions required to be made and stated clearly, wherever required

Q 1) Summarised Balance sheet of M/s Jash Ltd for the year 31<sup>st</sup> March 2015 and 31<sup>st</sup> March 2014 were as follows: (20)

Fig in Rs"000"

Liabilities	31-3-2015	31-3-2014	Assets	31-3-2015	31-3-2014
Share Capital	500	500	Land & Bldg	200	180
General Res	220	200	Plant & Mach	276	210
Profit & Loss a/c	32	40	Other Fixed Asset	45	30
Bank Loan (term loan)	100	---	Investment	50	50
Creditors	172	158	Stock	190	200
Provision for taxation	30	45	Debtors	195	170
			Bank bal	98	103
	1,054	943		1,054	943

- Adjustments: --(1) Dividend of Rs.30,000/- was paid during the year.  
 (2) Provision for tax made during the year was Rs. 12,000/-  
 (3) Machinery with book value of Rs. 15,000/- was sold at a loss of Rs.3,000/-  
 (4) Investment costing Rs. 10,000/- was sold for Rs.12,000/-  
 (5) Depreciation provided:  
 On land & bldg 5,000/-  
 On plant & machinery 20,000/-

Prepare fund flow statement during the year ended 31<sup>st</sup> March 2015.

Q2) M/s Rajesh & co. gives you the following information. Prepare trading and profit and loss a/c for the year 31<sup>st</sup> March 2015, and balance sheet on that date. (20)

- 1) Opening Stock Rs.90,000/-
- 2) Stock Turnover ratio 10 times
- 3) Net profit ratio 15%
- 4) Gross profit ratio 20%
- 5) Current ratio 4 : 1
- 6) Long term loan Rs.2,00,000/-
- 7) Depreciation on fixed assets @10% Rs.20,000/-
- 8) Closing stock Rs. 1,02,000/-
- 9) Credit period allowed by supplier 1 month
- 10) Avg. debt collection period 2 month

On 31<sup>st</sup> March 2015 Current assets consisted of stock, debtors, and cash only. There was no bank overdraft. All purchases were made on credit only. Cash sales were 1/3<sup>rd</sup> of credit sales.

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Q 3) M/s Thakkar Ltd is venturing in a new project. Initial investment for the project is Rs. 20lakhs. (20)

The rate of depreciation is 25 % on WDV method. The rate of discount is 10% . Tax rate is 40%

Calculate:---a) Pay back period

b) A R R on Original Investment

c) Discounted pay back profitability.

Year	2011	2012	2013	2014	2015
Earning before tax (In Lakhs)	2	5	7	9	2
10% disc factor	0.909	0.826	0.751	0.683	0.621

Q4) M/s Shyam Ltd furnishes the following details and request you to prepare a statement showing the requirement of working capital for the year 2015. (20)

PARTICULARS		BUDGET FOR 2015
Production capacity		30,000 Units
Production		20% LESS
<u>Cost Structure</u>		
Raw Material		Rs. 40/-p.u.
other direct Material		Rs.30/-p.u.
Wages		Rs. 10,000/- p.m.
<u>Overhead</u>	Fixed	Rs.10,000/- p.m.
	Variable	Rs.10/-p.u.
Profit		20% on sales.

Other information:-

- 1) Fixed overhead payable quarterly in advance
- 2) Raw material remain in stock for 2 months
- 3) Other direct material in stock for 1 month
- 4) The production process takes one month , WIP valuation to be made, raw material and other direct material at cost and 50%of wages and overheads(variable)
- 5) Finish goods to remain in stock for two months ,to be valued at at Direct cost.
- 6) Raw material purchased from suppliers against advance paymentof 3 months .
- 7) Other material supplier allow credit of two months.
- 8) Time lag in payment of wages 2 months.
- 9) Cash balance to be maintained at Rs.75,000/-
- 10) Credit allowed by customer at selling price as under
  - a) 50 %of the invoice price against acceptance of bill for three months
  - b) 25% of invoice price time lag of three months .

Q5) Compare and contrast (Any2) (20)

- a) Own funds and owed funds
- b) A R R & I R R
- c) Current ratio and acid test ratio.
- d) Shares and debentures.

Q 6)Write Short note on ( any five) (20)

- 1) Factors affecting working capital
- 2) Net present value
- 3) Provision for depreciation method
- 4)Debtors and creditors turnover ratio
- 5)Features of capital budget.
- 6)Factors affecting payment of dividend.

Q 7) Explain various sources of long term finance (20)

Q 8) Prepare format of vertical balance sheet and revenue statement showing all required details in proper order. Also write atleast 5 combined ratios. (20)

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(3 Hours)

[Total Marks : 100]

NB: 1. Question no 1 is compulsory

2. Attempt any three question from the remaining
3. Figures to the right indicate full marks allotted to question.
4. Working note and assumptions wherever necessary forms part of answer.
5. Apply provisions for A.Y. 2014-15.

Q 1. Mr. Shah a practicing C A gives you the following Cash book for the year 2013-14 (25)

RECEIPT	AMT (Rs)	PAYMENT	AMT (Rs)
To bal b/f	9,000	By Staff salary	80,000
To Professional fees	1,50,000	By Printing exp	5,500
To Gift from mother	15,000	By household exp	22,400
To Gift from client	25,000	By Conveyance exp	9,000
To salary as lecturer	45,000	By general exp	30,000
To Loan from bank for car	50,000	By Purchase of car on 1 <sup>st</sup> July 2013	1,00,000
		By Motor car exp	20,000
		By mediclaim Insurance paid by cheque	6,500
		By interest on bank loan	5,000
		By income-tax	8,500
		By Professional tax	800
		By balance c/d	6,300
	-----		-----
	2,94,000		2,94,000
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Other information:

- 1) Dep. On motor car as per I.Tax rule is 20%
- 2) It is considered that 25% of the car exp are for personal use.
- 3) Household exp include Rs. 1,000 given as a marriage gift to an employee.
- 4) Salary include Rs 12,000/- paid to son who is graduate in commerce.
- 5) General exp include Interest of Rs.10,500/-on loan for higher education of son.

Compute taxable income of Mr. Shah for A. Y. 2014-15.

Q 2) Mr. Desai is employed with Wipro Ltd. He provide following information (25)  
for A. Y. 2014-15

- a) Net salary p.m. Rs.9,000/-
- b) Income tax deducted at source Rs.900/- p.m.
- c) Professional tax deducted at source Rs. 100/- p.m
- d) He has been employed since 1<sup>st</sup> April 1987 and received entertainment allowance of Rs 750/- p.m. since that month.
- e) Perquisite value of water, gas and electricity Rs. 10,000/-
- f) Received Bonus during the year in respect of earlier year Rs. 6,000/-

[TURN OVER]

- g) Received arrears of salary for 2010-11 Rs. 6,000/-
  - h) The employer paid LIC premium of Mr. Desai amounting to Rs. 5,000/-
  - i) Took advance salary of Rs. 10,000/- and Loan of Rs.6,000/- for marriage of his son.
  - j) Mr. Desai who is also director received Rs. 2,000/- as directors sitting fees.
  - k) Mediclaim premium paid by company Rs.2,500/-
  - l) He incurred expenses incidental to employment such as books, car expenses Rs.12,000/-
  - m) He received Rs.16,000/- as salary from M/s Nisha traders where he is a partner.
  - n) Received LIC commission Rs. 8,000/-
- Compute his taxable salary for A.Y.2014-15

Q 3) A) Compute the income from house property from the following particular in respect of new property owned by Ramesh which was let out from 1<sup>st</sup> April 2007 onwards (20)

- a) Fair rent Rs.60,000/-
- b) Actual rent receivable Rs.7,500/- p.m.
- c) Rent actually received for 10 months only due to vacancy period of 2 months Rs.75,000/-
- d) Municipal taxes paid including arrears for early years 14,400/-
- e) Interest on borrowed funds paid during the year 23,000/-
- f) Interest on borrowed funds paid prior to 1-4.2007 Rs 20,000/-
- g) Collection charges Rs 3,400/-
- h) Unrealised rent claimed as deduction in earlier year, but received in the current year Rs.11,000/-
- i) Arrears of rent received during the year Rs.8,000/-
- j) Expenditure on repairs, ground rent, Insurance etc Rs.9,000/-
- k) Expenditure on collecting unrealized rent Rs,3,500/-

B) He has also provided additional information to you (05)

- a) Dividend received from foreign company Rs. 10,000/-
  - b) Winnig from horse races Rs.5,000/-
  - c) Dividend from Tata Motors Ltd 4,000/-
  - d) Rent for letting Plant and machinery on hire Rs.60,000/-. Collection charges in respect of rent Rs.3,000/-, fire insurance Rs.4,000/-, Repairs and maintenance Rs.2,500/-, depreciation as per Income tax rule Rs.10,000/-
  - e) Interest received Rs.2,400/- on 8% debenture of Rs 30,000/-
- Compute net taxable income for A Y 2014-15

Q4)( A) Mr. X is U.K citizen came to India on 15, October, 2013 for a visit and was in India till 31<sup>st</sup> March 2014. In earlier previous years he was in India as under (15)

2003-04 -188 days, 04-05—190 days, 05-06—185 days, 06-07—200 days,  
2007-08—40 days, 08-09—300 days, 09-10-195 days, 10-11—185days,  
2011-12 -100 days, 12-13—200 days.

Find out residential status of Mr. X for A.Y.2014-15

10 11

(B) Miss Deepika an Indian citizen furnishes the following information of her income earned during the previous year 2013.14 (10)

- a) Professional fees received in India Rs.10,000/-
  - b) Bonus earned in India but received in France Rs. 15,000/-
  - c) Dividend on shares of Indian co-operative bank received in India Rs.7,000/-
  - d) Salary earned and received in France Rs. 5,000/-
  - e) Amount brought into India out of the past untaxed profits earned in USA 10,000/-
- Calculate her income liable to tax if she is Resident, R&OR, NR

Q5) Explain Any Five terms of the following as per income tax act 1961 (25)

- a) Person
- b) Perquisites
- c) Capital asset
- d) Assesse
- e) Income
- f) Provident fund
- g) Allowances.

Q6) Explain provision U/s 10 of Income tax act 1961 (Any Five) (25)

- a) Gratuity b) Pension c) Entertainment allowances d) Reasonable lettable value
- e) Arrears of rent f) Clubbed income of a Minor child g) House rent allowance.

Q 7) Write Any Two of the following in detail (25)

- a) Explain various taxable and Non taxable perquisites
- b) State various income exempted U/s 10
- c) State Various deductions available U/s 80 C

Q 8) Write short notes on ANY FIVE of the following. (25)

- a) Principles of deductions
- b) Deduction v/s exemption
- c) Expenses not allowable u/s 37
- d) Deduction u/s 24 of income tax act
- e) Rules of leave travel concession
- f) Residential status u/s 6
- g) Distinguish Body of Individual and Association of Person

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(21)

(12)

(10) Mrs. Deshpande an Indian citizen transfers the following information of her income earned during the previous year: 2012-13

- a) Professional fees received in India Rs. 10,000/-
- b) Bonus earned in India but received in France Rs. 12,000/-
- c) Dividend on shares of Indian co-operative bank received in India Rs. 7,000/-
- d) Salary earned and received in France Rs. 2,000/-
- e) Amount brought into India out of the past untaxed profits earned in USA 10,000/-

Calculate her income liable to tax if she is Resident, RORR MR

(11) Explain Any Five terms of the following as per income tax act 1961

- a) Person
- b) Resident
- c) Capital asset
- d) Assesse
- e) Income
- f) Provident fund
- g) Allowance

(12) Explain provision U/s 10 of income tax act 1961 [Any Five]

- a) Gratuity
- b) Pension
- c) Entertainment allowance
- d) Reasonable (settable) value
- e) Arrears of rent
- f) Clubbed income of a Minor child
- g) House rent allowance

(13) Write Any Two of the following in detail

- a) Explain various taxable and Non taxable personalities
- b) State various income exempted U/s 10
- c) State Various deductions available U/s 80 C

(14) Write short notes on ANY FIVE of the following

- a) Principles of deductions
- b) Deduction v/s exemption
- c) Expenses not allowable U/s 37
- d) Deduction u/s 24 of income tax act
- e) Rules of leave travel concession
- f) Residential status U/s 6
- g) Distinguish Body of Individual and Association of Person

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F.V.P.G.O. F.Y.M

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