

Bangabasi College

Test Examination—2016

B.Com (Hons.) Part - II

COST & MANAGEMENT ACCOUNTING

Time: 2Hrs.

Full Marks - 50

1. What is Cost Accounting? Distinguish between Cost Accounting and Management Accounting. 2+3

Or

A manufacturing company provide you with a summary of its production costs at three production level:

Cost Items	1000 units	2000 units	3000 units
A	Rs.10000	Rs.10000	Rs. 10000
B	Rs.2800	Rs.3600	Rs.4400
C	Rs.6000	Rs.12000	Rs.18000

(i) Indicate the cost behaviour for Cost Items, (ii) What would be total costs if the company produces 2500 units? 5

2. Annual consumption of a Material of a company is 100000 units at Rs.2.40 per unit. Each order cost Rs.90 and Carrying cost is 15% of the annual average inventory value. Company operates 250 days per year. The procurement time is 10 days and safety stock is 1000 units. Calculate the Maximum Stock Level. 3+2

Or

Write short note on- (i) Perpetual Inventor System and (ii) ABC Analysis. 5

3. A worker takes 80 hours to do a job for which Time Allowed is 100 hours. His days rate is Rs.2.50 per hour. For the job- Material Cost Rs.120 and Factory Overhead is 125% of

wages. Calculate the works cost of the job under the following methods of payment of wages: (i) Time rate (ii) Halsey Plan (iii) Rowan Plan. 5

Or

What is idle time? Explain its effect on production cost. 5

4. A manufacturing company disclosed a net loss of Rs. 347000 as per their cost accounts for the year ended 31 March 2015. The financial accounts however disclosed a net loss of Rs. 510000 for the same period. The following information was revealed as a result of scrutiny of the figures of both the sets of accounts.

- (a) Factory overheads under-absorbed Rs.40000
- (b) Administration Overheads over absorbed Rs. 60000
- (c) Depreciation charged in Financial Accounts Rs.325000
- (d) Depreciation charged in Cost Accounts Rs. 275000
- (e) Interest on investment not included in Cost Accounts Rs. 96000
- (f) Income tax provided Rs. 54000
- (g) Interest on loan funds in Financial Accounts Rs. 245000
- (h) Transfer fees (Credit in Financial books) Rs. 24000
- (i) Store adjustment (Credit in Financial books) Rs. 14000
- (j) Dividend received Rs.32000

Prepare a Memorandum Reconciliation Statement. 5

Or

State the need for reconciliation of Cost and Financial Accounts. Under what circumstances can a reconciliation statement be avoided? 2+3

5. A company has three production departments and two service departments. The overhead analysis sheet gives the following overhead costs :

Production Department

A-Rs.27600

B- Rs.43800

C- Rs.25800

Service Department

D-Rs.12600

E- Rs.10200

The machine hours in different departments are: A-3284; B-2606; C-1752

The expenses of service departments are apportioned as follows:

	A	B	C	D	E
D	30%	40%	20%		10%
E	10%	20%	50%	20%	

You are required to calculate (i) The machine hour rate for each department and (ii) the cost of production of a product requiring Rs.400 for materials and Rs.600 for labour. The product has to pass departments A, B and C for 5, 4 and 5 hours respectively.

5+5

6. The following information is available in respect of Process-11 of a product:

	Rs.
Input (1000 units) : cost	5000
Further Materials introduced	6000
Direct Labour	4000

Overhead charges 75% of Direct Labour

Output of Process-11 900 units

Normal wastage 15% of Input

Scrap value of wastage Rs.2 per unit

Prepare Process-11 Account and Abnormal Gain Account.

6+4

Or

Kolkata Construction Ltd. Undertook a contract for construction of a bridge on 1st July,

2015. The contract price was Rs.500000. The company incurred the following expenses upto 31st December. 2015:

	Rs.
Materials Consumed	110000
Wages	40000
Direct expenses	20000
Plant purchase on 01.01.2015	100000
Materials in hand	5000
Depreciation @ 10% p.a. on Plant	
Charge other works expenses @20% of wages and office expenses 10% of work cost.	

The amount certified by the engineer, was Rs.300000. retention money being 20% of the certified value.

Prepare Contract Account showing therein the amount of profit that the company can reasonably take to its Profit and Loss Account. 10

7. On the basis of following information, you are required to ascertain :

(i) PV Ratio

(ii) Profit when sales are Rs.20000 and

(iii) New Break-even point if selling price is reduced by 20%

Break-even point	Rs. 10000	
Fixed cost	Rs.4000	4+3+3

Or

What do you mean by Break-even Chart? How is it drawn? What are the limitations of the Break-even Chart? 2+4+4

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Test Examination—2016

B.Com (Hons.) Part - II

Direct and Indirect Taxation 50

Group - A

1. a) Sri Dutta is the Karta of a HUF who is residing at London for last 7 years. The business of the HUF is carried on in India and also partly controlled from India.

Determine the residential Status of the HUF for the A. Y 2015-16

b) Which income of a non-resident Indian assessee is taxable in India? 3+2

2. In whose hand the following incomes will be taxable ?

a) Interest on debentured of ABC Ltd. received by Mrs. Y when the debentures were transferred by Mr. X to Mrs. Y assuming that i) Such transfer was made before marriage ii) Such transfer was made at a time when there is husband wife relationship between Mr. X and Mrs. Y

b) Mr. P held 22% shares of Star Ltd. where Mrs. Q wife of Mr. P, is employed as Finance Manager at a salary of Rs. 50,000 p.a. Mrs. Q is a chartered Accountant and also holds MBA(Finance) degree.

c) Shila is the minor child of Mr. and Mrs. Rai, Mr. Rai has salary income of Rs. 4,00,000 and Mrs. Rai has income form other sources of Rs. 5,00,000 shila earns income of Rs. 50,000 from a TV Reality show and Rs. 10,000 interest on fixed deposit with a bank. 2+1+2

or

Mr. Dutt is 54 years old and furnished the following information :

Income from business	3,35,000
Long term Capital Gain	30,000
Income from other Sources	10,000
Tax deducted at source	4,000

Compute the amount of advance tax payable for financial year 2014-15

Group - B

3. Answer any 2 questions : 10x2

a) Mr. S. Bose furnished the following information for the previous year 2014-15 :

Basic Salary	Rs. 1,60,000
D.A.	25% of basic salary
Transport allowance	Rs. 2,000 p.m.
Contribution of RPF	15% of basic Salary and D.A.
Children Education allowance (for two children)	Rs. 500 p.m.
Interest credited on the balance of RPF @ 12%	Rs. 7,200
Entertainment allowance	Rs. 1,000 p.m.

He is provided with a next - free accommodation in Kolkata for which company pays rent Rs. 5,000 p.m. During the previous year, he spent Rs. 20,000 for his medical treatment in a private nursing home and his employer reimbursed the entire amount.

He engaged a domestic servant at a salary of Rs. 500 p.m. and his employer paid the salary.

His employer presented him a Laptop costing Rs. 15,000 in the P.Y. Professional tax of Rs. 1,600 was paid by his employer.

Compute taxable income for salary of Rs. Bose for the AY 2015-16

b) Mr. Sen is the owner of three houses. He furnished house the particulars of the houses for the financial year 2014-15 :

	House No. 1 (Let out for residence)	House No. 2 (Self-Occupied for residence for 8 months & let out for residence for 4 months)	House No. 3 (3/4th used for own business and 1/4th let out for employees' residence)
Municipal Value	48,000	36,000	38,400
Rent received	45,600	12,800	12,000
Repairs	5,000	2,400	4,800
Interest on Loan	7,200	4,800	7,000

Compute total income of Mr. Sen for the A. Y. 2015-16 taking into account the following considerations :

i) Municipal tax is assessed at 10% of the municipal value. In case of House No. 1, 50% of such tax is paid by the tenant. Municipal Taxes for other houses are, however paid by the owner.

ii) His taxable income from business without making any adjustment in respect of House No. 3 for the year comes to Rs. 1,15,000.

iii) He has claimed a deduction on account of unrealised sent of Rs. 15,000 in respect of House No. 1 relating to the year 2002-03 and 2003-04

c) x, y, and Z are partners in a firm which is assessed as a firms. They share profit and losses in the ratio of 3:2:1. The firm's Profit and Loss Account for the year ended March 31, 2015 is given below :

	Rs.		Rs.
To Salary to partners :		By Gross profit	4,00,000
x	1,00,000	By Interest on bank	
y	60,000	deposit	50,000
z	40,000		
To Interest on partner's			
capital @ 15% p.a.			
x	30,000		

y	20,000	
z	10,000	
To Depreciation	32,000	
To Sundry business expenses	1,20,000	
To Net profit	<u>38,000</u>	
	<u>4,50,000</u>	<u>4,50,000</u>

Other information :

- Depreciation as per IT Rules Rs. 40,000
- Sundry business expenses include fine of Rs. 5,000 paid to customs authority.

Compute total income of the firm for the A. Y. 2015-16

d) i) Mrs. Dey furnishes the following information for the P. Y. 2014-15

	Residential hours property at Howrah	Gold
Date of acquisition	December 10, 1998	April 15, 2010
Cost of acquisition	Rs. 6,00,000	Rs. 8,00,000
Date of Sale	March 15, 2015	September 5, 2014
Sale proceeds	Rs. 34,00,000	Rs. 25,00,000
Brokerage	2% on sale proceeds	

During the previous year 2014-15, Mrs. Dey purchased a residential house property at Shyambazar for Rs. 1,2,00,000. Compute his taxable income from capital gains for the A. Y. 2015-16

ii) What are the cost of acquisitions of bonus share if -

- Bonus shares were allotted on 10-10-1978
- Bonus shares were allotted on 10-10-2010 8+2

Group - C

4. i) From the following particulars, compute the net wealth of Mr. Roy, an Indian citizen and resident in India, for the A. Y. 2015-16:

5+5

	Rs.
a) Residential flat in Kolkata	15,00,000
b) Motor car for personal use	3,00,000
c) Jewellery and ornaments	1,20,000
d) Cash in hand	40,000
e) Outstanding loan taken for the purchase of residential flat in Kolkata	2,50,000
f) Outstanding loan taken for the purchase of motor car for personal use	1,00,000
ii) Write a short note on 'Revised Return'	

or

Write a short note on 'Best Judgement Assessment.'

Group - D

5. From the following details, calculate the turnover and CST payable by Sundar carrying on business in Kolkata :

	Rs.
Gross turnover	6,50,228
the turnover includes the following :	
i) Trade discount for which credit note have been issued separately	11,000
ii) Excise duty	40,000
iii) Freight and insurance separately charged	9,000
iv) Installation charges charged separately	12,000
v) One dealer has returned goods within four months	17,160
vi) CST rate @ 2% against C firm.	5

or

i) Who is a Broker or Commission Agent according to Central Excise Act, 1944 ?

ii) Define 'Sale and Purchase' as per Central Excise Act, 1944.

$2\frac{1}{2}+2\frac{1}{2}$

6. Compute the VAT liability of Mr. Das for the month of March, 2015 :

i) Purchase of material from local market (including VAT @5%) Rs. 2,62,500 other expenses include storage and transport of Rs. 25,500 and Rs. 14,500 respectively.

iii) Goods are Sold at a margin of 5% on cost of such goods,

VAT rate on Sales : 14.5% 5

or

Discuss the salient features of Value Added Tax. 5

Bangabasi College

Test Examination - 2016

B.Com Part-II (Honours)

Subject - **Financial Accounting-II**

Full Marks - 50

Time - 1½ Hrs.

Group-A

- 1: State in brief the fundamental accounting assumptions as per AS-1 and their disclosure requirement. 5

Group- B

Answer any two questions

$2 \times 7\frac{1}{2} = 15$

2. TQB Ltd has a branch which closes its books of accounts every year on 31st March. This is an independent branch which maintains comprehensive books of accounts for recording their transactions. You are required to show journal entries in the books of both the Branch and the Head Office for 31st March, 2015 to rectify or adjust the following :
- (a) Branch paid Rs.1,00,000 as salary to an official from head office on visit to Branch and debited the amount to its salaries Account.
- (b) Head office collected Rs.35000 directly from a Branch customer on behalf of the Branch, but no intimation was received earlier by the Branch. Now the Branch learns about it.
- (c) It is learnt that a remittance of Rs.2,50,000 sent by the Branch has not been received by Head Office till date.

(2)

(d) Depreciation of Branch Fixed Assets, Whose accounts are kept by Head Office in its books, not yet recorded by the Branch books Rs. 1,25,000.

(e) Goods sent by the Head Office to the Branch of Rs.40,000 but not yet received by the Branch.

3. On 1st Jan 2015, XYZ corporation purchased a truck on hire-purchase from AB Motors for Rs.60,000. Payment to be made on delivery for Rs.20,000 and three instalments of Rs.15000 each at the end of each year. Rate of interest is charged at 5% p.a. Rate of Depreciation is 10% p.a. on W.D.V method.

The buyer defaulted after paying down payment and the first instalment and the vendor seized the Truck immediately after non-payment of the second instalment. Prepare Truck Account and AB Motors Account in the books of XUZ Corporation.

4. Sri Ltd invited applications from public for 1,00,000 equity shares of Rs.10 each at a premium of Rs.5 per share. The entire issue was underwritten by the underwriters A, B, C and D to the extent of 30%, 30%, 20% and 20% respectively with the provision of firm underwriting of 3,000, 2,000; 1,000 and 1,000 shares respectively. The underwriters were entitled to the maximum commission permitted by law,

The company received applications for 70,000 shares from public out of which applications for 19,000, 10,000, 21,000 and 8,000 shares were marked in favour of A, B, C and D respectively.

Calculate the Liability of each of the underwriters.

(3)

Also ascertain the underwriting commission payable to the different underwriters.

5. Given below is an extract from the Trial Balance of ENP Ltd. as on 31.3.2014 :

	Debit (Rs.)	Credit (Rs.)
Deferred Employee Compensation expenses	96,000	
Outstanding Employee stock		
Option (4,800 × Rs.30)		1,44,000

Other Information :

Grant date of Employee Stock Option - 01.04.2013 and vesting period - 3 years. On 15.08.2014, 900 Employee stock options have been Lapsed.

Show journal entries for the year 2014-15 (including narrations) and also show how these items will appear in the Balance Sheet of the Company as on 31.03.2015.

Group - C

Answer any One question : 1 × 15

6. L, D and P were partners sharing profits and losses as 2 : 1 : 1 Their Balance Sheet as on 31.12.2014 is given below and they dissolved their partnership on that date

Liabilities	Rs.	Assets	Rs
Creditors	15,000	Cash	9,000
Income Tax payable	4,000	Stock	40,000
Loan From Bank	30,000	Debtors	60,000
(Secured by Pledge of stock)		Furniture	36,000
D's Loan	11,000	Motors Car	25,000

Capitals :

L	40,000
D	40,000

(4)

P	30,000	<u>1,10,000</u>	
		<u>1,70,000</u>	<u>1,70,000</u>

6. The Bank could realise only Rs.25,000 on disposal of stock. A sum of Rs.3,000 was spent for Motor Car for getting better price. Other assets were realised as follows :

	Rs.
January 2015	12,000
February 2015	15,000
March 2015	10,000
April 2015	30,000
May 2015	34,000

D took over unsold furniture worth Rs.1,000 at the end of May, 2015. The partners distributed the cash as and when realised. Show the distribution of cash.

7. S & Co has two departments X and Y. Dept X sells goods to Dept. Y at normal selling price.

From the following particulars, Prepare a Departmental Trading and Profit & Loss Account for the year ended 31st March, 2014 and also ascertain the net profit to be transferred to Balance Sheet :

	Dept. (X) (Rs.)	Dept. (Y) (Rs.)
Opening Stock	1,00,000	Nil
Purchases	23,00,000	2,00,000
Goods from Dept. X		7,00,000
Wages	1,00,000	1,60,000
Travelling Expenses	20,000	14,000
Sales	23,00,000	15,00,000
(excluding inter departmental transfer)		
Printing & Stationery	10,000	8,000
Closing Stock at cost to the Dept.	5,00,000	1,80,000

(5)

The following expenses incurred for both the departments were not apportioned between the departments :

	Rs.
Salaries	2,70,000
Advertisement expenses	90,000
General Expenses	8,00,000

Depreciation should be charged at 25% on the machinery value of Rs.96,000. Advertisement expenses are to be apportioned in the turnover ratio, Salaries in 2:1 ratio, and depreciation in 3 ;1 ratio between departments X and Y. General Expenses are to be apportioned in the ratio of 3 :1.

Group- D

8. From the following Trial Balance and other particulars of Sun Ltd., Prepare the profit and loss account for the year ended 31st March 2015 and a Balance Sheet as on that date :

	Debit (Rs.)	Credit (Rs.)
Equity share capital (of Rs.10 each)		8,00,000
9% Debentures		2,00,000
Reserves		2,52,000
Profit & Loss A/c. (01.04.2014)		31,500
Advance tax for financial year 2013 -14	72,600	
Advance for tax for financial year 2014 -15	65,000	
Provision for tax for financial year 2013-14		70,000
Commission paid	8,800	
Bank	18,000	
Stock as on 31.03.2015	1,22,000	
Fixed assets at cost :		
Land	2,71,000	
Building	6,12,000	

(6)	
Machinery	6,26,200
Vehicle	1,67,700
Accumulated Depreciation :	
Building	52,000
Machinery	3,86,000
Vehicle	86,000
Debenture Interest paid	18,000
Interim Dividend paid	40,000
Corporate Dividend Tax	
paid @15%	6,000
Remuneration paid to	
Managing Director	52,000
Gross Profit	5,63,200
Establishment expenses	94,400
Debtors	4,35,000
Creditors	1,68,000
	<u>26,08,700</u> <u>26,08,700</u>

Additional Information :

- (a) Provide Rs.13,000 for audit fees.
- (b) Tax for financial year 2013-14 is assessed at Rs.75,000.
- (c) Provision for Income Tax to be made @ 35% for financial year 2014-15.
- (d) Depreciation to be charged on W.D.V basis at 5% on building, 15% on machinery and 10% on vehicles.
- (e) Maximum remuneration payable to the Managing director is Rs.48,000.
- (f) Further dividend @ 12% is proposed for the year 2014-15 (in addition to interim dividend paid)
- (g) Assume corporate dividend tax @ 15%.

Bangabasi College

Test Examination - 2016

B.Com Part-II (Honours)

Subject - **Auditing**

Full Marks - 50

Time - 1½ Hrs.

1. **Answer any six questions :** **6×5=30**

- (a) Discuss the objectives of Auditing.
- (b) What is interim Audit?
- (c) What is Audit Note-Book?
- (d) Discuss the features of Internal Audit.
- (e) What is Auditing-in-Debts?
- (f) What is Audit sampling ?
- (g) Distinguish between vouching and verification of Assets.
- (h) What is Auditor's Report ?
- (i) What is Auditors certificate ?
- (j) What is Investigation ?
- (k) What is social Audit ?
- (l) What is Environment Audit ?

2. **Answer any two questions :** **2×10**

- (a) Prepare an Internal Control Questionnaire of wage payment in a large manufacturing concern.
- (b) Discuss the problems in the valuation and verification of assets.
- (c) Discuss the status of an auditor in a company.
- (d) Draft an Audit Programme of a College.