

Haryana State SAS Part-II (OB) Examination 2023

Cost Accountancy and Financial Management

Time Allowed: 3 Hrs.

Max Marks: 150

Instructions to the candidates

1. Please read instructions carefully.
2. Question 1 is compulsory
3. All parts of the question attempted together.

Q.No.1 From the following Balance Sheets of Raman Ltd. Prepare Cash Flow Statement.

<i>Particulars</i>	<i>Note</i>	<i>31st March 2022 (Rs)</i>	<i>31st March 2021(Rs)</i>
I. Equity and Liabilities			
1. Shareholders' Funds			
a) Share capital		15,00,000	10,00,000
b) Reserve and surplus (Balance in Statement of Profit and Loss)		7,50,000	6,00,000
2. Non-current Liabilities			
Long-term borrowings	1	1,00,000	2,00,000
3. Current Liabilities			
a) Trade payables		1,00,000	1,10,000
b) Short-term provisions (Provision for taxation)		95,000	80,000
Total		25,45,000	19,90,000
II. Assets			
1. Non-Current Assets			
a) Fixed assets			
(i) Tangible assets	2	10,10,000	12,00,000
(ii) Intangible assets (Goodwill)		1,80,000	2,00,000
b) Non-current investment		6,00,000	-
2. Current Assets			
a) Inventories		1,80,000	1,00,000
b) Trade Receivables		2,00,000	1,50,000
c) Cash and cash equivalents	3	3,75,000	3,40,000
Total		25,45,000	19,90,000

Notes to Accounts:

<i>Particulars</i>	<i>31st March 2022 (Rs)</i>	<i>31st March 2021 (Rs)</i>
1. Long-term borrowings:		
i) Debentures	-	2,00,000
ii) Bank loan	1,00,000	
Total	1,00,000	2,00,000
2. Tangible Assets		
i) Land and building	6,50,000	8,00,000

ii) Plant and machinery	3,60,000	4,00,000
Total	10,10,000	12,00,000
3. Cash and cash equivalents		
i) Cash in hand	70,000	50,000
ii) Bank balance	3,05,000	2,90,000
Total	3,75,000	3,40,000

Additional information:

1. Dividend proposed and paid during the year Rs 1,50,000.
2. Income tax paid during the year includes Rs 15,000 on account of dividend tax.
3. Land and building book value Rs 1,50,000 was sold at a profit of 10%.
4. The rate of depreciation on plant and machinery is 10%.

Required:

1. (a) Prepare **Cash Flow Statement** showing Cash from Operating Activities, Cash from Financing Activities and Cash from Investing Activities from the above information.

(10+10+10=30 Marks)

- Q.No.2** From the following particulars relating to a contract, prepare (a) Contract Account, (b) Contractee's Account and (c) show relevant entries in the Balance Sheet:

(12+3+5=20 Marks)

Particulars	Rs.
Materials on site	85349
Labour engaged on site	75375
Plant installed at cost	15000
Direct Expenditure	3126
Establishment charges	3167
Materials returned to stores	549
Work certified	195000
Cost of work not certified	4500
Materials on hand March 31/2022	1883
Wages accrued on March 31/2022	2400
Direct expenditure accrued on March 31/2022	240
Value of plant March 31/2022	11000

The Contract price has been agreed at Rs.2,50,000. Cash has been received from the contractee Rs. 180000/.

Q. No. 3 Profit disclosed by a company's cost accounts for the year was 100,000, whereas the net profit disclosed by the financial accounts amounted to Rs.46,000. According to the following information:

- Estimations placed overheads as per cost accounts at Rs.55,555, and the charge for the year shown by the financial accounts was Rs.50,000
- The director's fees shown in financial accounts amounted to only Rs.1,000
- The company allocated Rs.2,000 as a provision for doubtful debts
- In financial accounts, depreciation was charged more in comparison with cost accounts by Rs.3,000
- Share transfer fees received during the year amounted to Rs.445
- Provision for income tax was Rs.54,000. From the above, given information.

Required:

3 (a) Prepare a Statement reconciling the figures shown by the Cost and Financial Accounts.

3 (b) Explain any five causes of disagreement of profit/loss between Cost Accounts and Financial Accounts. **(10+5 =15 Marks)**

OR

Q. No. 3. X Ltd furnishes the following stores transaction for the month of March 2022. A product is made in three batches during the year. The costs and quantity of each batch (in order of when they are produced) are as follows:

- Batch 1: Quantity 2,000 pieces, cost to produce Rs.8,000
- Batch 2: Quantity 1,500 pieces, cost to produce Rs.7,000
- Batch 3: Quantity 1,700 pieces, cost to produce Rs.7,700

4,000 units (pieces) were sold during the year.

Required:

(a) Calculate **value of closing stock** and **unit cost** as per LIFO Method.

(b) **Compare** the value of closing stock as per LIFO Method with FIFO Method

(8+7=15 Marks)

Q. No. 4 The JP Sports. purchases tennis balls at Rs.20 per dozen from its suppliers. The JP Sports will sell 34,300 dozen of tennis balls evenly throughout the year. The total cost to handle a purchase order is Rs10. The insurance, property tax and rent for each dozen tennis balls in the average inventory is Rs.0.40. The company wants a 5% return on average inventory investment.

Required:

1. Compute the economic order quantity.
2. Compute the total annual inventory expenses to sell 34,300 dozen of tennis balls if orders are placed according to economic order quantity computed in part 1. **(10 Marks)**

OR

Q. No. 4 On January 01, 2020, Khosla Transport Co. purchased five trucks for Rs. 20,000 each. Depreciation has been provided at the rate of 10% p.a. using straight line method and accumulated in provision for depreciation account. On January 01, 2021, one truck was sold for Rs. 15,000. On July 01, 2022, another truck (purchased for Rs. 20,000 on Jan, 01, 2020) was sold for Rs. 18,000. A new truck costing Rs. 30,000 was purchased on October 01, 2022. You are required to prepare trucks account, Provision for depreciation account and Truck disposal account for the years ended on December 2020, 2021 and 2022 assuming that the firm closes its accounts in 31st December every year. **(10 Marks)**

OR

Q. No. 4 The following are the extracts from the balance sheet of a company as on 30.6.2021. **Compute the additional working capital required** by the company for the year ending 30.6.2022.

Fixed Assets:		
Land and Building	1250000	
Plant and machinery	750000	2000000
Current Assets:		
Stock	2000000	
Debtors	750000	
Cash and bank	500000	
Total Current Assets (A)	3250000	
Current Liabilities		
Creditors	850000	
Bank overdrafts	350000	
Bills payable	400000	
Taxation	200000	
Total Current Liabilities (B)	1800000	
Working Capital (A-B) (3250000-1800000)		1450000
Total		3450000

Additional information:

1. It is estimated that sales will increase by 25% in next year
2. Maximum overdraft that be availed will be only Rs. 400000
3. There will be no increase in liability for tax due to increase in sale.
4. Period of credit allowed to customer and stock turnover will remain same.
5. Period of credit allowed to creditors and that of bills payable will remain same.
6. There will be no increase in cash and bank balances.

Required:

Compute the additional working capital required from the above information for the year ending 30.6.2022. **(10 Marks)**

Out of questions nos. 5 to 11, attempt any five questions. (5 x 15=75 Marks)

- Q.No.5** Explain Elements of Cost in Cost Accounting. What is Cost Sheet? Give example of Cost sheet. **(5 +10= 15 Marks)**
- Q. No. 6.** What are the methods of Costing? Explain with its features. How does contract costing differ from job costing? **(10+5=15 Marks)**
- Q. No. 7.** What do you Mean by Financial Management? What are the functions of Financial Management? Explain various types of Financial Management Decisions? **(3+6+6=15 Marks)**
- Q.No.8.** What is Working Capital Management? Why manage Working Capital? Explain advantages and disadvantages of Working Capital Management. **(6+3+6=15 Marks)**
- Q. No. 9.** What are the different methods of arranging finance of a firm? Explain the factors affecting the choice of different methods of arranging finance. **(7+8=15 Marks)**
- Q. No. 10.** What is Cash Flow, and Why is it important? What is a Cash Flow Statement? Give Example of a Cash Flow Statement. **(5+10=15 Marks)**
- Q. No. 11** What is inventory control? What are the Most Common Inventory Control Methods? **(3+12=15 Marks)**