

Jan-2018

Mcom Sem III

2 GROUP A: ADVANCED ACCOUNTING, CORPORATE ACCOUNTING AND FINANCIAL MANAGEMENT : ADVANCED FINANCIAL AC

Q.P.Code: 29204

[2 Hours]

[Total Marks : 60]

N.B.: (1) All questions are compulsory.

(2) Figures to the right indicate full marks.

(3) Working notes should form the part of your answer.

Q.1. From the following particulars, prepare the final accounts of "H" Bank Ltd. (15)

Trial Balance as on 31st March, 2017

Particulars	Dr. ₹	Cr. ₹
Share Capital:		
1,00,000 Shares of (₹ 10 each, ₹ 5 paid up)		5,00,000
Reserve Fund		10,00,000
Fixed Deposits		20,00,000
Savings Bank Deposits		30,00,000
Current Accounts		70,00,000
Borrowed from Bank		2,00,000
Investments	30,00,000	
Premises	12,00,000	
Cash in hand	— 60,000	
Cash at bank	— 28,00,000	
Money-at-Call and Short notice	3,00,000	
Interest accrued and paid	2,00,000	
Salaries	80,000	
Rent	30,000	
Profit & Loss Account (1.4.2016)		1,60,000
Net Profit for the year		4,50,000
Bills Discounted	5,00,000	
Bills Payable		8,00,000
Loans, Advances, Overdrafts and Cash Credits	70,00,000	
Unclaimed Dividend		30,000
Sundry Creditors		30,000
Total	1,51,70,000	1,51,70,000

The Bank has the bills for ₹ 14,00,000 as collection for its constituents and also acceptances and endorsements for them amounting to ₹ 4,00,000.

OR

Turn Over

Q.1. The following is the Trial Balance from the books of Yash Bank Ltd. As on 31.03.2017
(15)

Particulars	Dr. ₹	Cr. ₹
Director's Fees	9,900	
Auditor's Fees	2,000	
Furniture (Cost ₹ 1,00,000)	74,500	
Interest accrued on Investment	300	
Land and Building (Cost ₹ 6,00,000)	4,10,000	
Deposit with RBI	8,00,000	
Cash Credit and Overdraft	1,40,00,000	
Postage and Telegram	2,300	
Rent Taxes and Premium	17,000	
Salaries	52,000	
Legal Expenses	3,300	
Cash in hand	8,32,600	
Deposits with Other Bank	24,10,200	
Investment	17,56,200	
Printing and Stationery	6,700	
Bills Discounted	28,01,000	
Interest	52,000	
Paid-up capital		20,00,000
Profit and Loss A/c		80,600
Current Account		68,25,200
Fixed Deposit		77,91,100
Saving Bank Deposit		51,36,000
Contingency Reserve		1,00,000
Investment Reserve		70,000
Branch Adjustment		73,100
Statutory Reserve		1,30,000
Reserve Fund		4,00,000
Interest and discount		6,24,000
Total	2,32,30,000	2,32,30,000

Additional Information:

- The bank has accepted on behalf of customers bill worth ₹ 4, 00,000 for collection.
- Depreciation is to be written off 23,000 from furniture and from Land and Building is 40,000.
- The authorized capital is 40,00,000. All shares have been subscribed but only half of the face value has been called up.

- (d) Create Provision for Taxation 2, 20,000.
 (e) Transfer 25% of Net Profit to Statutory Reserve.

Prepare Bank Final Account for the year ended 31st March, 2017 in the books of Yash Bank Ltd.

Q.2. From the following information of Raj Insurance Ltd., you are required to prepare Revenue A/c for Fire Department for the year ended 31st March, 2017 (15)

Particulars	Amount ₹
(1) Claims	
Paid	50,00,000
Payable as on:	
1st April, 2016	8,00,000
31st March, 2017	11,00,000
(2) Premium	
Received	1,04,00,000
Paid on Reinsurance	4,00,000
Recovered on Reinsurance	8,00,000
(3) Commission on	
Direct Business	2,00,000
Reinsurance Ceded	20,000
Reinsurance Accepted	10,000
Management Expenses	21,00,000
Interest and Dividend (Gross)	5,00,000
Legal Expenses regarding claims	3,00,000

Reserve for Unexpired Risk was ₹ 36, 00,000 as on 01/04/2016. Provide Reserve 50% of Net Premium as on 31st March, 2017

OR

Q.P.Code: 29204

.Q. 2. From the following balances as on 31-03-2017, prepare Revenue account for the marine business of Sunita Insurance Company Ltd. (15)

Particulars	Direct Business (₹)	Re-insurance (₹)
(A) Premiums		
Received	4,60,000	72,000
Receivable on 1-4-2016	18,750	25,000
Receivable on 31-3-2017	26,000	25,500
Paid	—	46,000
Payable on 1-4-2016	—	28,000
Payable on 31-3-2017	—	36,500
(B) Claims		
Paid	2,35,000	30,000
Payable on 1-4-2016	12,500	2,750
Payable on 31-3-2017	15,500	3,300
Received	—	12,750
Receivable on 1-4-2016	—	2,750
Receivable on 31-3-2017	—	1,200
(C) Commission		
On reinsurance accepted	22,000	2,000
On reinsurance ceded	—	2,500
(D) Other Expenses and Income		
Salaries	—	1,40,000
Rent and Rates	—	40,000
Postage	—	3,000
Stationary	—	30,000
Income tax paid	—	30,000
Dividend & interest received	—	1,40,000
Legal expenses	—	18,000
(E) Balance of fund on 1-4-2016		3,85,000

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Q.3 The firm Rajini & Co. with its H.O. at Vijaywada is a branch in Washington. On 31-12-2016 a Trial Balance is sent by the branch in Dollar currency.

The following Trial Balance Is compiled at branch as on 31-12-2016 (15)

Particulars	Debit(\$)	Credit(\$)
Bills Receivable	5,000	
Sundry Debtors	7,600	
Sundry Creditors		2,200
Purchases	27,000	
Sales		45,600
Furniture and Fixtures	2,680	
Stock (1-1-2011)	4,000	
Establishment expenses	4,000	
Salaries	2,800	
Rent, rates and taxes	800	
Sundry expenses	2,900	
Depreciation on furniture & fixtures	256	
Remittance to H.O.	3,004	
Head Office Account		13,840
Cash oh hand and at bank	1,600	
Total	61,640	61,640

The stock in hand on December 31, 2016 was \$ 5,000. The rates of exchange were:

From December 31, 2015 to June 30, 2016 1 \$ = ₹ 44.

From 1st July, 2016 to December 31, 2016 1 \$ = ₹ 46

In Vijayawada books the balance of the Washington Branch Account and of the remittances from Washington Branch Account appear as Rs 3,57,694 and ₹ 74,136 respectively. The original furnitures were bought when the rate of exchange was 1 \$ = ₹ 40.

Convert the above trial balance into rupees currency and prepares final accounts of the branch for the year ended 31st December, 2016.

OR

Q.3, From the following Trial Balance of 'Akshay Co-operative Consumers Society Ltd., Pune as on 31.3.2017, prepare Trading and Profit & Loss Account for the year ended on 31.3.2017 and Balance Sheet as on that date after considering the adjustments given. (15)

Trial Balance

Particulars	Debit(Rs)	Credit(Rs)
Share Capital		1,60,000
Calls in arrears	10,000	
Reserve Fund		15,000
Common Good Fund		5,000

Opening Stock of Consumer's Goods	1,10,000	
Furniture	48,000	
Education Fund	-	8,000
Sundry Creditors	-	20,000
Sundry Debtors	30,000	-
Commission Payable		4,000
Salaries	71,000	-
Commission	17,400	
Rent, Rate and Taxes	20,000	
Postage	12,100	
Land	9,000	
Interest on Investment		10,000
Equipment	20,000	
Purchases	16,40,000	
Investment	1,00,000	
Sales		20,60,500
Cash in hand	25,000	
Cash at Bank	1,70,000	
	22,82,500	22,82,500

Adjustments:

1. Outstanding rent payable on 31.3.2017 was ₹ 1,000.
2. Charge 5% depreciation on furniture.
3. Closing Stock of consumers' goods is valued at cost ₹ 1,40,000.
4. Interest accrued on Investment ₹ 2,000.
5. Outstanding salary on 31st March, 2017 was ₹ 2,000 & 3,000 paid in advance.
6. Authorized capital 20,000 shares of ₹ 10 each.
7. Contribute to Education Fund ₹ 100.

Q. No. 4A State True or False from the following (8)

- ✓ 1) Banking Company in India are governed by Banking Regulation Act 1949
- 2) Treasury Bills are usually for 3 months
- 3) Sum insured is the amount for which policy is taken.
- 4) Demand deposits are repayable on demand ✗
- 5) Rebate on bills discounted is unearned discount
- 6) Closing inventory should be translated at closing rate
- 7) Businessmen open Current A/c
- 8) Banks maintain SLR of 25%

B) Match the following

Group A	Group B
1. AS-11	a) 100% reserve for unexpired risk 2
2. Marine Insurance	b) Foreign Currency Conversion 1
3. Fire Insurance	c) Opening Rate 4
4. Opening Stock	d) 50% reserve for unexpired risk 3
5. Contingent Liabilities	e) Rate on date of purchase 6
6. Depreciation	f) Schedule 12 5
7. Exchange difference	g) General Insurance
	h) Charged to P&L 7

OR

Q. No. 4 Write short notes (any three)

- 1) Integral Foreign operations
- 2) Non Performing Assets
- 3) AS-11
- 4) Surrender Value
- 5) Appropriations of profits

(15)

Q. P. Code : 29220

Duration: 2 Hrs

Marks: 60

1. Use of Simple Calculator is allowed.
2. All questions are relevant for assessment year 2017-18.
3. All questions are compulsory carrying 15 marks each.

Q.1 Given below the profit and loss account of India Enterprises for the year 31st March, 2017.

(15)

**Profit and Loss A/c
For the year ending 31st March, 2017**

Particulars	Amount	Particulars	Amount
To Opening Stock	3,00,000	By Sales	26,00,000
To Purchases	20,00,000	By Rent of Property (Gross) (Let out for the year)	1,20,000
To Municipal Tax of let out property	30,000	By Closing Stock	5,00,000
To Electricity Charges	22,100		
To Telephone	20,000		
To Rent	60,000		
To Salaries	75,000		
To Interest on partners' capital @10% p.a.	1,20,000		
To Remuneration to Partners	1,80,000		
To Depreciation	45,500		
To Net Profit	3,67,400		
	32,20,000		32,20,000

Other Information:

- a) Rent of Rs. 12,000 is for partners own residential stay.
- b) Depreciation as per section 32 is Rs. 31,500.
- c) All the conditions of section 40 (b) are satisfied.

Calculate the Taxable Income and Income Tax Liability of the Firm for the assessment year 2017-18.

OR

Expenses

Q. P. Code : 29220

Q.1 Mr. A is a practicing chartered accountant gives the following details to calculate his net taxable income for the assessment year ended 2017-2018. (15)

Receipt & Payment A/c
For the year ended 31-3-2017

Receipts	Rs.	Payments	Rs.
To Balance b/d	50,000	By Salaries	1,90,000
To Fees from Clients	16,50,000	By Office rent	72,000
To Gifts from Clients	50,000	By Sundry Expenses	48,000
To Gifts from Father	2,50,000	By Printing & Stationary	16,400
To interest on Fixed Deposit (Net)	1,50,000	By Life Insurance Premium (Self)	16,000
To Dividend on Shares (Net)	40,000	By medical insurance premium (Self)	16,000
To Amount Received on Maturity of Life Insurance Policy	2,00,000	By Personal Expenses	40,000
To interest on Public Provident Fund	1,00,000	By Rent for house for personal use	72,000
		By Drawings	36,000
		By Purchase of computer (21/12/2016)	20,000
		By membership fees of the institute of Chartered Accountant	8,000
		By Fixed Deposits	40,000
		By Public Provident Fund	40,000
		By School Tuition Fees of his son	20,000
		By Balance c/d	18,55,600
Total	24,90,000	Total	24,90,000

Additional Information:

1. Depreciation as per Income Tax Rules for other assets excluding computers is Rs. 27,000
2. The opening WDV of computers on 1st April, 2016 was Rs. 36,000. The rate of depreciation on computers is 60%.
- ✓ 3. Sundry Expenses include personal expenses of Rs. 3,000.
4. T.D.S. on interest on fixed deposits was Rs. 5,000.

Q.2 Mrs. Sonali met with accident on 29th March, 2017 and was severely disable person and certified by medical authority. Compute Taxable Income for Assessment Year 2017-18 (15)

Particulars	Amount
Salary per month	6,000
Dearness allowance per month (not forming part of salary)	600
House rent allowance per month (Exempt Rs.900 p.m.)	1,000
Professional Tax	2,500
Interest on Fixed Deposit	4,000
Dividend on shares of Reliance	3,000
Interest on PPF A/c	2,000
Income from units of UTI	4,000
Life Insurance Premium	6,000
Contribution to PPF	6,000
Accrued Interest on NSC VI Issue	4,000

Q. P. Code : 29220

Q.2 Dr. Arman retired from government service on 30th September, 2016 when his age was 68 years as Director of Medical Health and Services. He started practicing as Consulting Physician from 1.10.2016. From 1st November, 2016, he also undertook contractual appointment with Sarada Nursing Home as Superintendent. He furnishes the following particulars of his income for the previous year ending 31st March, 2017. Compute his taxable income for the Assessment Year 2017-18.

Particulars	(15)	
	Rs.	Rs.
a) Salary		
As director of Medical services up to 30.09.2016		30,000
Pension per month from October 2016 @ Rs.1,500		9,000
Leave salary in respect of earned leave at his credit		13,500
Gratuity		1,10,000
Provident Fund		1,50,000
Commutated Pension		32,000
Sarada Nursing Home (1.11.2016 to 31.3.2017) (5 months)		25,000
b) Consultancy Profession		
Gross consultancy receipts (1.10.2016 to 31.3.2017)		7,50,000
Expenditure incurred		
- Salary of the staff	1,20,000	
- Rent for premises belonging to his wife	60,000	
- Pathological equipment's purchased on 20.10.2016	33,333	
- Petrol expenses for the car	50,000	2,63,333
- Contribution to LIC Pension fund		2,10,000

The car was acquired on 15.9.2016 for Rs.7,50,000. 20% of the use of the car is attributed to personal purposes. Depreciate Car @15% and Pathological equipment 15%. Dr. Arman paid Rs.6,00,000 for medical treatment of his senior citizen wife for specified disease.

Q.3. Mr. Narayan, a disabled person as is certified by medical authority person furnishes the following information regarding his house property and other income:

Particulars	(15)	
	House I	House II
Fair Rent		
Municipal Valuation	4,00,000	6,00,000
Rent Received	5,50,000	5,00,000
Municipal Tax	6,00,000	-
- Paid By tenant		
- Paid by Narayan	40,000	
Interest on capital borrowed (due but not paid) for the purpose of construction of house property	60,000	50,000
Ground Rent	60,000	1,30,000
Insurance Premium paid	20,000	-
Other Information are as follows:	15,000	
Interest from Debentures in E&T Ltd.		
Dividend from UTI	13,70,000	
Bank Interest from SBI	50,000	
Winning from Lottery	18,500	
Interest from Post office Saving A/c	17,00,000	
Dividend from co-operative society	50,000	
Calculate total taxable income of Mr. Narayan for the Assessment Year 2017-18.	50,000	

OR

Q. P. Code : 29220

Q.3 A. From the following information of Mr. Sudeep for the previous year 2016-17, Compute the gross total income for the assessment year 2017-18 if he is – (10)

- a) Resident and ordinary resident; b) Resident but not ordinary resident, c) Non-resident

Income	Rs.
1. Rent from house in Kolkata	15,000
2. Income from agriculture in Japan	30,000
3. Dividend from Obama Inc, American Company received in USA	45,000
4. Rent of commercial property in U.K. Credited to bank account in USA	60,000
5. Income from business in Dubai, controlled from Mumbai	75,000
6. Past untaxed income earned in Brazil, brought to India during the previous year 2016-17	90,000
7. Royalties from Indian companies, received in UK	1,05,000
8. Interest Credited to Bank of India, Delhi Branch	1,20,000

Q.3 B. The Profit and Loss Account of Agrochem Private Limited for the year ended 31st March, 2017 shows a profit of Rs. 98,73,000 after debiting the following items: (05)

- Rs.4 Lakhs contributed to Employees' Welfare Trust.
- Rs.11 Lakhs paid towards course fee and hostel expenses for MBA course of a close relative of a director. The relative is not in employment with the company.
- Rs.5 lakhs, being expenses incurred on installation of a traffic signal so as to facilitate its employees coming to overcome traffic jam and save office time.
- Rs.4.50 lakhs spent on gift items distributed to various dealers under the company's sales incentive scheme.
- Rs.8 lakhs, being expenses incurred on the travelling of the wife of MD, who accompanied him on tour to America on invitation of Trade and Commerce Chamber, America.

Compute total income of Agrochem Private Limited for Assessment Year 2017-18 indicating reasons for treatment of each item.

Q.4 A. Determine following true or false. (08)

- Revised return can be filed before the expiry of one year from the end of the relevant assessment year or before completion of assessment whichever is earlier.
- Remuneration received by the partner from partnership firm is taxable under the head income from salary.
- There are 3 due dates for payment of advance tax in case of companies.
- Deduction u/s 80E is available to an Individual and HUF.
- Gift received by an individual on account of marriage is not taxable.
- Amount under capital gains scheme should be deposited within due date of furnishing the return of income u/s 139(1).
- Interest on capital of a loan from partner of a firm is allowed as deduction to the firm @12%.
- Municipal tax paid by owner is allowed as deduction for deemed to be let out property.

Q. P. Code : 29220

Q.4 B. Select the most appropriate answer:

- (07)
1. Gross tax liability is calculated on _____
 - a. Gross Total Income
 - b. Net Taxable Income
 - c. Income
 - d. Salary
 2. Partners are liable to pay tax on _____
 - a. Salary
 - b. Profit
 - c. Interest
 - d. Both (a) and (b)
 3. In case of following individuals, global income is taxable _____
 - a. Resident & ordinary resident
 - b. Resident but not ordinary resident
 - c. Non-resident
 - d. All of the above
 4. Uncommuted pension is taxable in the hands of _____
 - a. Government employee
 - b. Non-government employee
 - c. Both (a) and (b)
 - d. None of the above
 5. The total of 5 heads of income u/s 14 is termed as _____
 - a. Total income
 - b. Gross total income
 - c. Net total income
 - d. Taxable income
 6. The due date for filing return of income for an assessee whose accounts are required to be audited is _____
 - a. 30th June
 - b. 31st July
 - c. 31st August
 - d. 30th September
 7. Share of profit of partner in total income of firm is _____
 - a. Taxable
 - b. Exempt upto Rs.1,50,000
 - c. Fully exempt
 - d. Exempt upto Rs.3,00,000

OR

Q.4 Short notes (any three)

1. Assessee
2. Residential status
3. Five items of income exempt u/s 10
4. Belated return
5. Set off and carried forward of capital loss.

(15)

Q.P.Code: 29224

Duration: 2 Hours

Marks: 60

Note: 1. All questions are compulsory

2. Figures to right indicates marks

3. All working notes should form part of your answer

(1) Shree Ram Ltd. produces product AB which goes through two processes and after completion it is transferred to finished stock. The following data relates to March, 2017: (15)

Particulars	Process I (₹)	Process II (₹)	Finished Stock (₹)
Opening stock	15,000	18,000	45,000
Direct materials	30,000	31,500	
Direct wages	22,400	22,500	
Factory overheads	21,000	9,000	
Closing stock	7,400	9,000	22,500
Inter-process profit included in Opening Stock	-	3,000	16,500

Output of Process I is transferred to Process II at 25% profit on transfer price. Output of Process II is transferred to Finished Stock at 20% profit on the transfer price. Stocks in the process are valued at prime cost. Finished stock is valued at the price at which it is received from Process II. Sales during the period are ₹ 2,80,000.

Prepare Process Accounts and Finished Goods Account showing the profit element at each stage.

OR

(1) In the month of April, 2017 40,000 units were introduced in a process. The other process cost were – Direct Material – ₹ 6,04,000; Direct Wages – ₹ 4,14,000; Factory overheads – 50% of Direct Wages. The normal loss was estimated @ 10% on input. At the end of month 32,000 units were produced and transferred to next process. 5,000 units were scrapped (these units realized ₹ 10 per unit). 3,000 units were incomplete and stages of completion in respect of these units were estimated as: Materials – 75%, Labour – 50% and overheads – 50%.

Prepare: (Use FIFO method)

- Statement of Equivalent Units of Production
- Cost per Equivalent units
- Statement of Evaluation
- Process account

(15)

Turn Over

- (2) Laxman & Company has 3 Production Department and 2 Service Department. The expenses of it are given below: (15)

Particulars	₹
Lighting and Heating	8,000
Consumable Stores	30,400
Power	18,000
Depreciation	60,000
Supervision	45,600
Rent and Rates	20,000
Insurance	4,000

The following additional information is made available to you:

Bases of Apportionment	Production Department			Service Department	
	P1	P2	P3	S1	S2
Direct materials	35%	35%	10%	5%	15%
Direct wages	35%	25%	25%	10%	5%
Area (in square feet)	3010,500	27,000	8,750	3,500	5,250
Asset value	4,00,000	4,50,000	1,00,000	25,000	25,000
Horse power x machine hours	21,600	14,400	-	-	-

Production departments have issued Service Department S1 in the ratio of 9:6:5 and Service Department S2 in the ratio of 2:3:1.

- (a) Prepare the Primary Distribution Statement using the most appropriate basis for apportionment
 (b) Prepare the Secondary Distribution Statement following direct distribution method

OR

- (2) Bharat Limited is manufacturing company. The cost structure of its various products is as follows: (15)

Particulars	Product A ₹	Product B ₹	Product C ₹
Direct Materials per unit	100	80	80
Direct Wages @ ₹ 10/hour per unit	60	80	100
Production overheads per unit	60	80	100
Units produced	20,000	40,000	60,000

It absorbed Overheads on the basis of direct labour hours. The company has decided to introduce Activity Based Costing system and identified cost drivers and cost pools which are given below:

Turn Over

Activity cost pool	Cost driver	Associated cost (₹)
Stores	Purchase requisitions	5,92,000
Inspection	Number of production runs	16,88,000
Dispatch	Orders executed	4,20,000
Machine setup	Number of setups	24,00,000

The following other information is provided:

Particulars	Product A	Product B	Product C
Number of set ups	360	390	450
Number of orders executed	180	270	300
Number of production runs	750	1,050	1,200
Number of purchase requisitions	300	900	500

You are asked to calculate:

- Traditional production overheads
- Activity based production cost of all the three products
- Find out whether there is any under-costing or over-costing under traditional costing as compared to Activity Based Costing

(3) Ganesh Book Stores has 2 book selling outlets – Kailash Book Stores and Himalya Book store. The central office looks after advertising, marketing research, acquisition of books, legal services and other staff functions. The following particulars are provided: (15)

Particulars	Kailash Book Stores ₹	Himalya Book store ₹
Sales	35,00,000	35,00,000
Cost of goods	22,50,000	22,50,000
Gross Profit	12,50,000	12,50,000
Salaries and Wages	3,00,000	3,30,000
Supplies	2,25,000	2,25,000
Rent	4,00,000	2,00,000
Depreciation	70,000	80,000
Allocated Staff expenses	3,00,000	3,00,000

Each book store manager makes decisions that affect Salaries and Wages, Supplies and Depreciation. However Rent is not in control of managers as location is not decided by managers. Supplies are variable cost, Variable Salaries and wages are equal to 8% of the cost of goods sold, balance of Salaries and Wages are fixed. Rent and Depreciation are fixed and Staff expenses are in proportion to Sales.

You are required to:

- Prepare a performance report using Contribution approach
- Evaluate the Performance of each book store
- Evaluate the Performance of each manager

OR

(3) Mohan Ltd. produces two products, the cost information of it is as follows: (15)

Particulars (per unit)	Product A	Product B
Raw material usage	3.2 kgs.	3.2 kgs.
Machine hour: Machine 1	1.2 hours	0.5 hour
Machine 2	1 hour	1.10 hours
Target price (₹)	500	400

Total hours available – Machine 1 – 8,000 hours and Machine 2 – 9,000 hours

Raw material available is 26,000 Kgs. @ ₹ 25 per kg.

Variable Overheads per machine hours is Machine 1 – ₹ 160 and Machine 2 – ₹ 200.

You are required to find out which product will optimize the contribution at the offered price? If Company reduces the target price by 5% and offers ₹ 120 per hour of unutilized machine hour, what will be the total contribution of the product which optimized the contribution?

(4) (a) State whether following statements are True or False: (08)

- Normal loss is treated as normal cost of production
- In computing a transfer price, the maximum price should be no higher than the highest market price at which the buying segment can obtain the goods or service externally
- Responsibility accounting focuses on people and not on things
- Responsibility accounting is also known as profitability accounting
- Traditional costing systems are generally more accurate than Activity Based Costing
- Variable overhead varies with time
- Overhead absorption is the allotment of overhead to cost units
- Cash discounts are generally excluded completely from the costs

Turn Over

Q.P.Code: 29224

5

(4) (b) Match the following:

(07)

Column A	Column B
i. Normal loss	i. Number of dispatches
ii. Material handling costs	ii. Input x % of Normal loss
iii. Electric lighting	iii. Normal Output – Actual Output
iv. Unit cost	iv. Actual Output – Normal Output
v. Dispatching costs	v. Floor area occupied
vi. Abnormal loss	vi. Number of production runs
vii. Cost of actual output	vii. Number of Orders
	viii. Normal cost/Normal output
	ix. Unit cost x Units of actual output
	x. Number of light points

OR

(4) Write Short notes on: (Any 3)

(15)

- a. Managerial report
- b. Inflation accounting
- c. Transfer pricing
- d. Reciprocal method of cost allocation
- e. Residual income approach