

T.Y. B.Com. (CBCS) (Semester-V)
EXAMINATION NOVEMBER 2022
Accounting Major III
Government Accounting

[Duration : 2 Hours]

[Total Marks :80]

Instructions:

- 1) Question no. 1 is compulsory
- 2) Answer any three question from question no. 2 to question no. 6
- 3) Each question carries 20 marks.
- 4) Figures to the right indicate maximum marks allotted.
- 5) All working notes to form part of the answer.

Q.1 From the following Receipt and Payment Account and Balance Sheet of Bicholim Municipality, prepare Income and Expenditure Account for the year ended 31st March 2019 and Balance Sheet as on that date.

(20 marks)

RECEIPT AND PAYMENT A/C
For the year ended 31st March, 2019

| Receipts | ₹ | Payments | ₹ |
|--|--------------------|--|--------------------|
| To Cash in Hand and at Bank (01/04/2018) | 12,13,000 | By Salary to common cadre staff | 30,00,000 |
| To House tax | 16,00,000 | By Salary to Government Staff on Deputation | 3,00,000 |
| To Trade tax | 7,40,000 | By Travelling expenses | 6,00,000 |
| To Advertisement | 50,000 | By Publication & Advertisement | 4,20,000 |
| To Construction License fees | 12,05,000 | By Security Expenses (contract) | 2,60,000 |
| To Salary grants to *common cadre staff | 27,00,000 | By Electric lights fixture | 2,85,000 |
| To Grants for various development work(GIN) | 20,00,000 | By Water charges | 2,50,000 |
| To Registration fees of birth and death | 6,60,000 | By Repairs and Maintenance | 5,12,000 |
| To Contractor retention money | 4,00,000 | By Development work from GIA | 6,40,000 |
| | | By Purchases of Vehicle on 1/10/2018 | 16,00,000 |
| | | By Purchase of books | 6,45,000 |
| | | By Vehicle Insurance | 45,000 |
| | | By Refund of house tax | 21,000 |
| | | By Purchase of stores | 6,60,000 |
| | | By Cash in hand and at Bank | 13,30,000 |
| | 1,05,68,000 | | 1,05,68,000 |

BALANCE SHEET
As on 31st March, 2018

| Liabilities | ₹ | Assets | ₹ |
|-------------------------------------|--------------------|------------------------------|--------------------|
| Capital fund | 30,00,000 | Fixed Assets | 30,00,000 |
| Municipality fund | 26,68,000 | Vehicle | 21,00,000 |
| Loans | 57,00,000 | Deposits | 46,05,000 |
| Security deposits (Contractor) | 6,00,000 | Grant receivables from Govt. | 18,00,000 |
| Depreciation Reserve | 12,00,000 | Stores | 4,00,000 |
| Outstanding Expenses Payable | | Cash in Hand and at Bank | 12,13,000 |
| Travelling allowance | 40,000 | Accrued House tax | 1,20,000 |
| Water charges | 30,000 | | |
| | 1,32,38,000 | | 1,32,38,000 |

Additional Information

1. Provide Depreciation on fixed assets @10%.
2. Accrued house tax on 31st March, 2019 Rs. 100,000.
3. Outstanding expenses Payable on 31st March, 2019 travelling expenses Rs. 60,000 and water charges Rs. 30,000
4. Closing stock of stores as on 31st March, 2019 Rs.3,00,000

Q.2 From the following trial balance of KTC Ltd. which was registered under Companies Act 2013, prepare the Statement of Profit and Loss for the year ended 31st March, 2019.

(20 marks)

| Particulars | Debit (Rs.) | Credit (Rs.) |
|---|------------------|------------------|
| Audit Fees | 1,00,000 | |
| Bank Commission | 5,000 | |
| Hire charges of Crane | 2,500 | |
| Diesel and Fuel | 4,50,000 | |
| Repairs and Maintenance | 50,000 | |
| Legal and Professional Expenses | 5,000 | |
| Insurance | 85,000 | |
| Rental income of Corporation | | 85,000 |
| Profit on sale of Buses | | 50,000 |
| Pass application fees | | 4,000 |
| Parking fees | | 10,000 |
| Stand fees | | 56,000 |
| Insurance claim | | 15,000 |
| Subsidy from Government towards students seasonal pass scheme | | 8,00,000 |
| Grant in aid for operating expenses under Bal Rath Scheme | | 9,00,000 |
| Hire receipt of Bus Stand hall | | 1,00,000 |
| Ground rent | | 15,000 |
| Grant in aid for payment of interest loan | | 1,50,000 |
| Sale of passenger tickets | | 25,00,000 |
| Concessional seasonal pass scheme | | 10,00,000 |
| Mail receipt | | 5,00,000 |
| Luggage receipt | | 1,50,000 |
| Parcel income | | 55,000 |
| Dividend received | | 56,000 |
| Salaries and wages | 43,03,000 | |
| Contribution to provident fund | 5,50,000 | |
| Diwali bonus | 1,50,000 | |
| Tour expenses for employees families | 1,40,500 | |
| Depreciation on operating fleet and other vehicles | 2,50,000 | |
| Consumption of store and spare parts | 1,50,000 | |
| Postage and Courier | 55,000 | |
| Directors fees | 1,50,000 | |
| Total | 64,46,000 | 64,46,000 |

Additional Information

1. Provide for taxation @ 31%
2. Write off bad debt Rs2500/- and provide Rs1500/- as RDD
3. Salaries and wages outstanding Rs5600/-
4. Dividend receivable Rs20000/-

Q.3 Alpha Ltd had two mutually exclusive projects under consideration. Both the projects have a life of 5 years and have initial cash outlays of Rs.200000 each. The company pays tax at 50% and the cost of capital is 10%. The company follows straight-line method of depreciation. The projected net cash inflows before taxes is as under. (20 marks)

| Year | Project I (Rs) | Project II (Rs) |
|------|-------------------|--------------------|
| 1 | 80000 | 120000 |
| 2 | 80000 | 60000 |
| 3 | 80000 | 40000 |
| 4 | 80000 | 100000 |
| 5 | 80000 | 100000 |

The discounted value of Rs. 1 for 5 years at 10% are given below

| Year | 1 | 2 | 3 | 4 | 5 |
|--------|-------|-------|-------|-------|-------|
| PV@10% | 0.909 | 0.826 | 0.751 | 0.683 | 0.621 |

You are advised to make appraisal of the two projects and advise the company by using the following

- a. Payback period
- b. Average Rate of Return
- c. Net Present value
- d. Profitability Index

Q.4 A. The following table shows the activities of a network along with their time estimated and predecessor activity. **(10 marks)**

| activity | Time Estimates in Weeks | | | Predecessor |
|----------|-------------------------|-------------|-------------|-------------|
| | Optimistic | Most Likely | Pessimistic | |
| A | 3 | 6 | 9 | - |
| B | 2 | 5 | 8 | - |
| C | 2 | 4 | 6 | A |
| D | 2 | 3 | 10 | B |
| E | 1 | 3 | 11 | B |
| F | 4 | 6 | 8 | C, D |
| G | 1 | 5 | 15 | E |

Considering the above information:

- i. Construct a Network with the help of Predecessor Activity
- ii. Find the Critical path.

B. Explain the Accounting Procedure of Government Expenditure

(10 marks)

Q.5 A. From the following balances of Ahmedabad Electricity Corporation Ltd, prepare Balance Sheet as on 31.03.2019

(10 marks)

| Particulars | Dr (Rs.) | Cr (Rs) |
|-------------------------------|-----------|-----------|
| Share Capital | - | 24,00,000 |
| 14% Debentures | - | 15,00,000 |
| Provision for Depreciation | - | 6,00,000 |
| Freehold land | 9,30,000 | - |
| Building | 5,00,000 | - |
| Machinery at Station | 10,00,000 | - |
| Mains | 8,00,000 | - |
| Transformers | 2,00,000 | - |
| Meters | 1,50,000 | - |
| Electrical instrument | 40,000 | - |
| Stock | 2,45,000 | - |
| Sundry creditor | - | 1,00,000 |
| Sundry debtor | 5,50,000 | - |
| Cash at bank | 8,30,000 | - |
| Contingency reserve | - | 1,50,000 |
| Profit for the year (2018-19) | - | 4,95,000 |
| | 52,45,000 | 52,45,000 |

Additional information

1. The authorized capital of the corporation was 50,000 equity share of Rs.100 each of which 24000 equity shares are fully subscribed by the State Government.
2. Transfer Rs.19400 to contingency reserve.

B. Differentiate between Commercial Accounting and Government Accounting.

(10 marks)

Q.6 Answer the following:

(5x4=20 marks)

- a. Demand for Grants
- b. Public Accounts Committee
- c. Sources of Revenue for Panchayat
- d. Turn Key Contracting

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(10 marks)

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|-------------------------------|-----------|-----------|
| Share Capital | - | 24,00,000 |
| 14% Debentures | - | 15,00,000 |
| Provision for Depreciation | - | 6,00,000 |
| Freehold land | 9,30,000 | - |
| Building | 5,00,000 | - |
| Machinery at Station | 10,00,000 | - |
| Mains | 8,00,000 | - |
| Transformers | 2,00,000 | - |
| Meters | 1,50,000 | - |
| Electrical instrument | 40,000 | - |
| Stock | 2,45,000 | - |
| Sundry creditor | - | 1,00,000 |
| Sundry debtor | 5,50,000 | - |
| Cash at bank | 8,30,000 | - |
| Contingency reserve | - | 1,50,000 |
| Profit for the year (2018-19) | - | 4,95,000 |
| | 52,45,000 | 52,45,000 |

Additional information

- The authorized capital of the corporation was 50,000 equity share of Rs.100 each of which 24000 equity shares are fully subscribed by the State Government.
- Transfer Rs.19400 to contingency reserve.

B. Differentiate between Commercial Accounting and Government Accounting.

(10 marks)

Q.6 Answer the following:

(5x4=20 marks)

- Demand for Grants
- Public Accounts Committee
- Sources of Revenue for Parichayat
- Turn Key Contracting