

Vidya Vikas Mandal's
 Shree Damodar College of Commerce & Economics, Margao- Goa
 TY B.Com, Semester V, Semester End Examination, November 2023
 Accounting (DSE 3)
 Government Accounting

Duration: 2 hrs

Max Marks: 80

Instructions: 1) Question No. 1 is compulsory

2) Answer Any Three questions from Q.no.2 to Q.no.6

3) Figures to the right indicate maximum marks

4) Working notes should form a part of the answer

5) Start each question on a fresh page

Q.1) From the following Receipts and Payments Account and Balance Sheet of Valpoi Municipal Council, Prepare Income and Expenditure Account for the year ended 31st March 2023 and a Balance Sheet as on that date.

Receipts & Payments A/c for the year ended 31st March, 2023

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Cash 1 st April 2022	6,50,000	By Establishment Expenses	7,55,000
To Advance for Allotment of Houses	5,90,000	By Water Supply	1,02,500
To Tax Revenue	5,90,000	By Sewerage & Drainage	62,500
To Non Tax Revenues:		By Roads	85,000
Water Supply	76,000	By Public Relation Expenses	57,500
Drainage	79,000	By Health Services	1,75,000
Roads	90,000	By Repairs and Maintenance to Municipal Offices	1,10,000
Lighting	82,500	By Stores	2,30,000
Health Services	95,000	By Housing Complex	5,50,000
Other Receipts	6,30,000	By Lighting	75,000
To Retention Money from Contractors	5,80,000	By Repayment of Retention Money	2,50,000
To Vehicle Tax	5,70,000	By Printing Expenses	62,500
To Professional Tax	80,000	By Investments	6,00,000
To Other Taxes	70,000	By Election Services	1,22,500
To Government Grants for Road Repairs & Maintenance	5,50,000	By Municipal Commission	90,000
To Government Grants for Drainage and Sewerage Maintenance	6,00,000	By Central Workshop	1,05,000
		By Cash c/d	19,00,000
	53,32,500		53,32,500

Balance Sheet As on 31st March 2022

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital Fund	7,50,000	Plant and Machinery	6,25,000
Municipal Fund	5,50,000	Projects Under Construction	75,000
Road Repairs Fund	1,00,000	Housing Complex Under Construction	90,000
Water Supply Fund	5,00,000	Investments	7,00,000
Debentures	6,00,000	Stores	5,25,000
Contractors Retention Money	75,000	Deposits	75,000
Depreciation Provisions	70,000	Recoverable from Government	65,000
Expenses Payable	80,000	Professional Tax Accrued	20,000
Advance for Allotment of Houses	1,00,000	Cash	6,50,000
	28,25,000		28,25,000

Other information:

- 1) Accrued professional tax as on 31st March 2023 was Rs.10,000
- 2) Provide depreciation on Plant & Machinery for Rs.62,500
- 3) Accrued professional tax as on 31st March 2022 was Rs.20,000
- 4) Following were the expenses outstanding as on 31.03.2022 - Printing Expenses Rs.20,000 ; Public Relation Expenses Rs. 15,000; Establishment Expenses Rs.45,000.
- 5) Repairs to Municipal offices paid in advance Rs10,000
- 6) Closing stock of stores as on 31.03.2023 was Rs. 4,75,000

(20 marks)

Q.2) Following is the Trial Balance of Bhopal State Transport Corporation as on 31.03.2023. Bhopal State Transport Corporation was registered under the Companies Act of 2013. You are required to prepare Balance Sheet as on 31.03.2023 in the prescribed format as per the schedule III of the Companies Act 2013.

Particulars	Debit (Rs.)	Credit (Rs.)
Issued, Subscribed and Paid up Capital	--	50,00,000
Profit & Loss Account (2021-2022)	45,000	--
Stand Parking Fees	95,000	--
Luggage and Mail Receipts	--	1,50,000
Term Loan @ 10%	--	7,00,000
5% Government Bonds	17,50,000	--
Short Term Loan from SBI Bank @12%	--	1,00,000
Trade Payables	--	75,000
Trade Receivables	1,05,000	--
Sale of Ticket and Passes	--	10,00,000
Advance Salary to Staff	56,000	--
Cash and Cash Equivalents	5,00,000	--
Spare Parts and Loose Tools	2,50,000	--
Computer Software	50,000	--
Fittings and Furniture	1,50,000	--

Fleet and Other Vehicles	20,50,000	--
Land and Building	9,00,000	--
Interest on Short Term Loan	2,000	--
Bank Commission and Charges	5,000	--
Interest on Term Loan	6,500	--
Plant and Machinery	1,61,500	--
Electricity Expenses	21,000	--
Advertising and Promotion Expenses	12,000	--
Repairs and Maintenance Costs	44,000	--
Salary and Wages	16,50,000	--
Interest on Government Bonds	--	30,000
Board of Directors Fees	23,000	--
Hire Bus Charges	54,000	--
Insurance	75,000	--
Rent, Rates and Taxes	50,000	--
Subsidy from Government for Student Passes	---	10,00,000
	8,0,55,000	8,0,55,000

Other Information:

- 1) The closing stock of spare parts and loose tools was valued at Rs.1,50,000
- 2) There was a claim against the corporation pending in the court to the extent of Rs.100,000/-
- 3) Stand fees receipts outstanding amounted to Rs.45,000/-
- 4) Transferred to staff provident fund Rs. 59,000/-
- 5) Provide for outstanding salary Rs.15,000/-
- 6) Provide for depreciation on fleet and other vehicles @ 9.25%; Depreciation on furniture and fittings @10%; Computer software @ 9%; Plant & Machinery @ 10%.
- 7) Loss for the year ending 2022-2023 as per Profit & Loss statement is Rs.2,27,775/-

(20 marks)

Q.3) There are two mutually exclusive projects under active consideration of a company. Both the projects have a life of five years and have initial cash outlays of Rs.1,00,000 each. The company pays tax at 50% rate and the maximum required rate of the company has been given as 10%. The straight line method of depreciation will be charged on the projects. The projects are expected to generate a net cash inflow (After Depreciation and Before Taxes) as follows:

Year	Project X	Project Y
1	Rs. 40,000	Rs. 60,000
2	Rs. 40,000	Rs. 30,000
3	Rs. 40,000	Rs. 20,000
4	Rs. 40,000	Rs.50,000
5	Rs. 40,000	Rs.50,000

The present value of Re.1 for 5 years at 10% discount factor is:

Years	1	2	3	4	5
P.V @10%	0.909	0.826	0.751	0.683	0.621

You are required to make appraisal of the two projects and advice the company as to which project should be undertaken on the basis of the following methods:

A) Payback Period of each project

B) Average Rate of Return

C) Net Present Value at 10%

D) Profitability Index

(20 marks)

Q.4) A. Determine the Early Start and Latest Start Time in respect of all node points and identify Critical Path for the following network.

Activity	Time Duration (days)
1-2	10
1-3	8
1-4	9
2-5	8
4-6	7
3-7	16
5-7	7
6-7	7
5-8	6
6-9	5
7-10	12
8-10	13
9-10	15

1) Draw the Project Network 2) Find the Critical Path and Project Duration

(10 marks)

B. What is Government Accounting? Briefly discuss the various principles of Government Accounting.

(10 marks)

Q.5) A. From the following balances extracted from the Books of Vedanta Power Ltd. Prepare Profit and Loss Account for the year ended 31.3.2023

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	--	25,00,000
Provision for depreciation	--	6,00,000
Calls in arrears	1,00,000	--
14% debentures	--	15,00,000

Free hold land	9,30,000	--
Building	5,00,000	--
Machinery at station	10,00,000	--
Mains	8,00,000	--
Electricity instruments	40,000	--
General stores (cables, mains, meters)	2,35,000	--
Coal and fuel	1,90,000	--
Office furniture	25,000	--
Meters	1,50,000	--
Transformers	2,00,000	--
Coal, oil, waste in stock	10,000	--
Repairs and replacement	50,000	--
Rates and taxes	30,000	--
Oil, waste, engine room stores	75,000	--
Wages at station	3,00,000	--
Salaries	1,50,000	--
Directors fees	1,00,000	--
Advertising, printing, stationary expenses	60,000	--
Law and identical expenses	30,000	--
Sale by meter	--	9,75,000
Sale by contract	--	5,00,000
Meter rent	--	30,000
Sundry creditors	--	1,00,000
Sundry debtors	5,50,000	--
Cash in hand	8,30,000	--
Contingency reserves	--	1,50,000
	63,55,000	63,55,000

Additional information:

1. Authorised capital was 50,000 shares of Rs.100 each and subscribed capital was 25,000 shares of Rs. 100 each.
2. A call of Rs.20 per share was payable on 30th September 2022 and arrears are subject to interest @15%p.a
3. Depreciation to be provided for on: Building @5% ; machinery @10%; Mains @ 10%; Transformers @ 5% ; meters @10% and electrical instruments @10%.
4. Transfer Rs.19,400 to contingency reserves.

(10 marks)

B . Government Accounting is essential for promoting trust and confidence in public financial management. With reference to this statement, outline the major objectives of Government Accounting system.

(10 marks)

Q.6) Answer the following questions:

- a) Importance of Capital Budgeting
- b) BOOT as a new area of Contracting
- c) Features of Panchayat Accounting
- d) Financial Control in Local Self Government

(4x5=20 marks)