

**CARMEL COLLEGE OF ARTS, SCIENCE & COMMERCE FOR WOMEN,
NUVEM - GOA**

B.COM. CBCS SEMESTER V EXAMINATION, JANUARY / FEBRUARY 2021

Subject Code: COD – 109

Subject Name: Accounting Major III: Government Accounting

Total marks: 80 Date: 03/02/2021 Duration: 2 hrs. Total No of pages: 04

Instructions: 1. Q. No. 1 is compulsory.

2. Answer any **THREE** questions from Q. Nos. 2 to No. 6.

3. **Each** question carries 20 marks.

4. Working notes and schedules required **wherever** necessary.

5. Figures to the right indicate full marks.

1. From the following Receipt and Payment Account and Balance Sheet of Mapusa Municipality, prepare Income and Expenditure Account for the year ended 31st March 2020 and a Balance Sheet as on that date.

Receipt & Payment Account for the year ended 31st March 2020

Receipts	Amount ₹	Payment	Amount ₹
To cash in hand and at Bank	3,25,000	By Establishment expenses	3,77,500
To Tax Revenue		By Printing & Stationary	60,000
House Tax	2,95,000	By Water Supply	51,250
Vehicle Tax	2,85,000	By Sewerage & Drainage	99,375
Professional Tax	40,000	By Road repairs	99,375
Other tax	35,000	By Repairs to Municipal Building	55,000
To Non-Tax Revenue		By Investment	3,00,000
Water Supply	38,000	By Store	1,15,000
Sewerage & Drainage	39,500	By Housing Complex	2,75,000
Roads lighting	1,33,750	By Repayment of retention money	1,25,000
Other receipts	3,15,000	By Municipal service & commission	1,06,250
To Government Grants		By Cash in hand	10,02,500
For Road Maintenance	2,75,000		
For Sewerage Maintenance	3,00,000		
To Retention Money			
From Contractors	2,90,000		
To Advance			
Allotment Houses	2,95,000		
	26,66,250		26,66,250

Balance sheet as on 31st March, 2019

Liabilities	Amount ₹	Assets	Amount ₹
Capital fund	3,75,000	Fixed Assets	3,50,000
Municipal fund	2,75,000	Housing complex under construction	45,000
Water supply fund	3,00,000	Investments	3,50,000
Loans	3,00,000	Stores	2,62,500
Contractor retention money	37,500	Deposits	70,000
Depreciation Provision	35,000	Professional Tax Accrued	10,000

Expenses payable	40,000	Cash in hand & at Bank	3,25,000
Advance for allotment of house	50,000		
	14,12,500		14,12,500

Additional Information:

1. Provide ₹31,250 for depreciation on Fixed Assets.
2. Accrued professional tax on 31st March 2019 ₹10,000.
3. Accrued professional tax on 31st March 2020 ₹5,000.
4. Expenses outstanding on 31st March, 2019 Printing & Stationary ₹17,500, Establishment expenses ₹22,500.
5. Closing stock of stores on 31st March 2020 ₹2,37,500. **(20 mks)**

2. From the following trial balance of Kadama Transport Corporation Ltd. registered under the Companies Act 2013, Prepare the Balance Sheet as on 31st March 2020.

Particulars	Amount ₹.	Particulars	Amount ₹.
Issued, Subscribed and fully paid-up capital	28,00,000	Land & Building	10,00,000
Grant in Aid under JnNRUM Scheme (After Adjustments)	15,00,000	Bus stand building	10,00,000
Government Grants for upgradation (After Adjustments)	12,00,000	Workshop shade	14,00,000
Profit and loss account (Current year profit)	25,00,000	Plant & Equipment	30,00,000
Long term loan from GIDC	80,00,000	Furniture & Fixture	10,00,000
Provision for employees benefits	24,50,000	Operating Fleet & other vehicles	1,00,00,000
Provision for Gratuity	12,56,500	Computer Software	1,00,000
Bank overdraft	10,00,000	Investment in shares	20,00,000
Trade payables	12,00,000	Investments in Insurance deposit Fund	20,00,000
Staff advance payable	5,50,000	Store and spare parts	2,50,000
Unclaimed gratuity	3,66,000	Trade receivable	50,000
Unpaid wages	2,50,000	Cash on hand	3,00,000
Provision for bonus	2,43,500	Cash at Bank	12,10,000
Provision for compensation	2,29,000	Loans and advances to employees	50,000
		Prepaid expenses	50,000
		Balance with PWD	25,000
		Balance RTO	1,00,000
		Interest accrued on deposits	10,000
	2,35,45,000		2,35,45,000

The authorized capital of the corporation was 50,000 equity shares of ₹100 each of which 28,000 equity shares are fully subscribed by the State Government. The Corporation declared a dividend @ 10% after transferring 5% to General Reserve. **(20 mks)**

3. Water and Power Consultancy Service wants to install a new machine in place of existing old machine which became obsolete. Two machines are considered for this purpose. The two models differ in cost, output and cash flow. The estimated life of both the machine is 5 years.

Particulars	Machine A	Machine B
Cash outlay	₹2,50,000	₹4,00,000
Anticipated after tax cash flows	₹.	₹.
1 st Year	-	1,00,000
2 nd Year	50,000	1,40,000
3 rd Year	2,00,000	1,60,000
4 th Year	1,40,000	1,70,000
5 th Year	60,000	80,000

The company follows a straight-line method of depreciation and cost of capital is 16%.

The discounted value of ₹1 for 5 years at 16% are given below:

Year	1	2	3	4	5
PV @ 16%	0.826	0.743	0.640	0.552	0.476

You are required to make appraisal of the two projects and advice the company by using the following:

- Payback period
 - Average rate of return
 - Profitability index
 - Net Present Value
- (20 mks)
4. Gulbarga Electricity Corporation Ltd. gives you the following extract from its trial balance as on 31st March 2020. Prepare Profit and Loss statement for the year ended 31st March 2020. Also prepare a statement of Reserves and Surplus.

Particulars	Debit (₹.)	Credit (₹.)
Purchase of Energy	62,25,000	
Salaries and Wages	12,00,000	
Repairs and Maintenance		
Building	22,500	
Plant and Machinery	7,500	
Transformers	90,000	
Mains and Services	5,10,000	
Lorries	18,000	
Establishment Expenses	19,95,000	
Rent, Rates and Taxes	76,500	
Conveyance and Travelling	60,000	
Audit fees	22,500	
General Expenses	1,50,000	
Directors Fees and Allowance	25,500	
Interest on Loans	3,52,500	
Interest on Consumers Security Deposits	1,20,000	
Electricity Duty	10,50,000	

Sale of Energy		
Domestic		25,75,000
Industrial		1,49,00,000
Rent of Meters		1,05,000
Maintenance of Public Lamps		22,500
Hire charges on Machines		37,500
Miscellaneous Receipts		15,000
Balance of Profit and Loss Account (as on 1- 04 -2019)		75,350

Additional Information:

1. Depreciation for the year ₹.17,25,000.
2. Provision for Taxation ₹.22,80,000.
3. Transfer to contingency reserve ₹.2,25,000.
4. Transfer to Development reserve ₹.1,20,000.

(20 mks)

5(A). HMT International Ltd. has an investment proposal of ₹.20 lakhs.

The expected cash inflow are as follows:

Year	Profit (₹.)
1	5,00,000
2	6,00,000
3	7,00,000
4	7,00,000
5	8,00,000

The present value factors are:

Year	@ 15%	@ 16%	@ 17%	@ 18%	@ 19%	@ 20%
1	0.870	0.862	0.855	0.847	0.840	0.833
2	0.756	0.743	0.731	0.718	0.706	0.694
3	0.658	0.641	0.624	0.609	0.593	0.579
4	0.572	0.552	0.534	0.516	0.499	0.482
5	0.497	0.476	0.456	0.437	0.419	0.402

You are required to ascertain:

1. N.P.V.@ 15%
2. IRR

(10 mks)

5 (B). Differences between Government Accounting and Commercial Accounting.

(10 mks)

6 (A). Explain the accounting procedure of Government Expenditure.

(10 mks)

6 (B). Answer the following:

(5X2=10mks)

- i. Votable and Non-Votable Grants
- ii. Limitation of Present Accounting system of Local Self – Government Body.