

Goa Vidyaprasarak Mandal's
Gopal Govind Poy Raiturcar College of Commerce and Economics, Ponda – Goa
T. Y. B.COM. SEMESTER VI EXAMINATION CBCS SYSTEM – June 2022
Advanced Cost Accounting II - DSE 7

Time: 2 hours

Maximum Marks: 80

Instructions:

- 1) Q. 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) Question paper consists of 4 pages.

1) (20 marks)
Shelkel Ltd. is engaged in the process engineering industry. During March 2022, 4,000 units were introduced in a process X. The normal loss was estimated at 5% of the input. At the end of the month, 2,800 units had been produced and transferred to the next process, 900 units were the work in progress and 300 units were scrapped.

➤ The stage of completion of incomplete units was as follows:

	Degree of completion
Materials	80%
Labour	60%
Overheads	50%

➤ The expenses of the process were as follows:

	₹
Cost of 4,000 units introduced	1,10,600
Direct Labour	68,800
Overheads	33,500

➤ Units scrapped realized ₹ 10 each.

Prepare:

1. The Statement of equivalent production
2. The Statement of cost
3. The Statement of evaluation of finished goods and work-in-progress
4. The Process a/c.

2.

(20 Marks)

Luxury Ltd. Commenced a contract on 1st July 2021. The total contract was for ₹ 7,00,000 but the company accepted it for ₹ 6,50,000. It was decided to estimate the total profit and to take to the credit of the P&L a/c the proportion of estimated profit on cash basis which the work completed bore to the total contract. Actual expenditure in 2021-22 & estimated expenditure in 2022 are given below:

Particulars	Jul '21-Jun '22 (Actual) ₹	Jul – Sept 2022 (Estimated) ₹
Materials issued	75,000	1,30,000
Labour – paid	55,000	60,000
Plant purchased	40,000	----
Expenses – paid	20,000	30,500
Cost of Plant returned to stores at end	10,000	(30 th Sept 22) 30,000
Materials at site at end	5,000	Nil
Work certified	4,50,000	Full
Work uncertified	7,500	Nil
Total cash received, till date	1,80,000	Full

The plant is subject to depreciation of 20 % p.a. on original cost. The contract is likely to be completed on 30th September 2022.

Prepare the Contract Account for the year ended 30.6.22 and the Memorandum contract a/c to calculate the estimated profit/loss.

3. Prepare the necessary ledger a/cs for the following transactions of Neutral Ltd., under Non-Integral System of Accounting. (20 Marks)

Particulars	₹
Raw materials purchased on credit	1,80,000
Direct materials issued to production	1,10,000
Wages and salaries paid	60,000
Direct wages allocated to production	35,000
Indirect Wages allocated to production	25,000
Works overheads incurred	23,000
Works overheads charged to production	28,000
Finished product completed, at cost	80,000
Sales of goods on credit	1,00,000

4. A. Pass journal entries, with narration, for the following transactions based on the integral System of Accounting. (10 Marks)

Particulars	₹
Materials purchased on credit	1,30,000
Purchase of materials for a specific job	70,000
Issue of direct materials for production	60,000
Unwanted material returned to supplier	15,000
Works overheads incurred	43,000
Works overheads charged to production	46,000
Administration expenses paid	34,000
Administration expenses charged to production	32,500
Sale of finished goods (70 % on credit)	2,00,000
Cash collected from debtors	90,000

- 4.B. Following are the particulars of Contract No. 22 undertaken by Highfi Constructions & Co. (10 Marks)

Particulars	₹
Materials consumed	95,000
Productive wages	62,000
Loose tools issued	6,000
Direct expenses	32,400
Special machine (at cost)	1,00,000

The contract was completed in 20 weeks at the end of which period the special machine was returned subject to depreciation of 20 % on the original cost. The value of loose tools returned at the end of the period was ₹ 1,000. You are required to provide office overheads at the rate of 10 % on works cost. Profit to be realized is 10 % on the total cost. It is required to adopt The Cost-Plus Contract policy for ascertaining the Tender Price.

Prepare the Contract a/c no. 22 and calculate the Tender Price for the above.

5.A. A certain product passes through 3 different processes before it is completed and transferred to the finished stock. The output of each process is transferred to the next process at a profit of 20% on transfer price till it is transferred to finished stock. The following data is obtained for the month of June 2022: (10 Marks)

Particulars	1	2
	₹	₹
Direct materials	60,000	50,000
Direct wages	40,000	30,000
Stock as on 30 th June 2022	22,000	20,000

Stocks in process were valued at prime cost and finished stock has been valued at the price at which it was received from the third process.

Prepare Process 1 and 2 a/cs respectively.

5.B. Discuss the concept “Activity Based Costing”. (10 Marks)

6. Write Short notes on the following (any 4) (4 x 5 marks = 20)

- a) Unrealized profit on closing stock
- b) Escalation clause in a Contract
- c) Cost drivers and cost pool as in Activity Based Costing
- d) Features of Integral Accounting
- e) Objectives of Uniform Costing

-----End of 4 pages -----