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T.Y.B.Com Semester VI (CBCS) Ordinance

EXAMINATION MAY 2023

Cost & Management Accounting(DSE 7) Major VII - Advanced Cost Accounting II

[Time: 2 Hours]

[Max. Marks:80]

- Instructions:**
- 1) Question No. 1 is compulsory.
 - 2) Answer any three questions from Question No. 2 to Question No. 6.
 - 3) Figures to the right indicate marks to the question/sub-question.

- Q.1 A product passes through two processes before it is transferred to finished stock. The following information is obtained for the month of March 2019. 20

Particulars	Process 1 (Rs.)	Process 2 (Rs.)	Finished Stock (Rs.)
Opening Stock	7,500	9,000	22,500
Direct Material	15,000	15,750	-
Direct Wages	11,200	11,250	-
Production Overheads	10,500	4,500	-
Closing Stock	3,700	4,500	11,250
Profit percentage (%) on transfer price to the next process	25%	20%	-
Inter-process profit for opening stock	-	1,500	8,250

Stocks in processes are valued at prime cost and finished stock has been valued at the price at which it was received from Process II. The sales during the period were Rs 1,40,000. Prepare Process cost accounts and finished stock account showing the profit element at each stage.

- Q.2 Deluxe Construction Ltd. commenced a contract on 1st April, 2018. The total contract was for Rs. 49,21,875. It was decided to estimate the total profit on the contract and to take to the credit of Profit and Loss Account that proportion of estimated profit on cash basis which work completed bore to the total contract. Actual expenditure for the period from 1st April, 2018 to 31st March 2019 and estimated expenditure for the period from 1st April 2019 to 30th September, 2019 are given below. 20

	01.04.2018 to 31.03.2019 (Actual) (Rs.)	01.04.2019 to 30.09.2019 (Estimated) (Rs.)
Materials	7,76,250	12,99,375
Labour: Paid	5,17,500	6,18,750
Prepaid	37,500	-
Outstanding	12,500	5,750
Plant Purchased	4,00,000	-
Expenses: Paid	2,25,000	3,75,000
Outstanding	25,000	10,000
Prepaid	15,000	-
Plant returned to store (historical cost)	1,00,000 (on 30 th September, 2018)	3,00,000 (on 30 th September, 2019)
Materials at site	82,500	42,500
Work certified	22,50,000	Full
Work uncertified	25,000	-
Cash received	18,75,000	-

The plant is subject to annual depreciation at the rate of 25% on written down value method. The contract is likely to be completed on 30th September, 2019.

Prepare:

- Contract account for the period from 01.04.2018 to 31.03.2019.
 - Estimated contract account for the entire period from 01.04.2018 to 30.09.2019
- Q.3 The cost ledger of a company shows the following balances as on 31st March, 2018. 20

Particulars	Debit (Rs.)	Credit (Rs.)
Work in Progress Control Account	7,840	
Finished Stock Ledger Control Account	5,860	
Stores Ledger Control Account	10,500	
General Ledger Adjustment Account		24,800

Transactions for the year 2018-2019 are as follows:

Particulars	Rs.
Direct wages	61,200
Indirect wages	2,800
Factory overheads allocated to production	18,700
Administration overheads allocated	6,200
Stores issued to production	39,300
Cost of goods finished during the year	1,20,000
Cost of finished goods sold (no stock was left at the year end)	1,32,000
Stores purchased	36,000
Stores issued to factory repair order	1,500
Carriage inward on stores issued for production	600
Factory expenses	14,000
Administrative expenses	6,000
Sales	1,32,000

You are required to prepare the following ledger accounts under non-integrated accounting system.

- a) General Ledger Adjustment Account b) Work-in-Progress Control Account
 c) Stores Ledger Control Account d) Finished Goods Control Account

- Q.4 A. What is uniform costing? Explain the advantages (any four) and limitations (any four) of a uniform costing system. 10
 B. Journalise the following transactions assuming that cost and financial accounts are integrated. 10

	Amount (Rs.)
Raw materials purchased on credit	20,000
Direct materials issued to production	15,000
Wages paid (30% indirect)	12,000
Wages charged to production	9,500
Selling and distribution expenses incurred	2,000
Finished product (at cost)	20,000

- Q.5 A. Discuss the advantages (any five) and limitations (any five) of inter-firm comparison. 10

- B. From the following details prepare (i) Statement of equivalent production (ii) Statement of Cost and (iii) Statement of Evaluation using FIFO Method. Opening work-in-progress (2,000 units) 10

	Amount (Rs.)	Amount (Rs.)
Materials (100% complete)	5,000	
Labour (60% complete)	3,000	
Overheads (60% complete)	1,500	9,500
Units introduced into the process	8,000 units	
There are 2,000 units in progress and the stage of completion is estimated to be as follows: Materials - 100% Labour - 50% Overheads - 50% 8,000 units are transferred to the next process. The process costs for the period are as follows: Materials Rs. 1,00,000 Labour Rs. 78,000 Overheads Rs. 39,000		

Q.6 Write short notes (any four)

- Objectives and limitations of inter-process profits.
- Escalation Clause in Contract Account
- Steps in implementation of activity based costing
- Types of responsibility centres
- Contents of uniform costing manual

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