

Goa Vidyaprasarak Mandal's
Gopal Govind Poy Raiturcar College of Commerce and Economics, Ponda – Goa
T. Y. B.COM. SEMESTER VI REPEAT (TRUNCATED) EXAMINATION
CBCS, NOVEMBER 2023

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.

Q1. A certain product passes through three processes before it is transferred to finished stock. The following information is obtained for the quarter ended on 31st March 2023. **(20 marks)**

Particulars	Process A (₹)	Process B (₹)	Process C (₹)	Finished Stock (₹)
Opening stock	5000	8,000	10,000	20,000
Direct Materials	40,000	12,000	15000	--
Direct Wages	35000	40,000	35000	--
Manufacturing overheads	20,000	24,000	20,000	--
Closing Stock	10,000	4,000	15000	30,000
Profit % on transfer price to next process	25%	20%	10%	--
Inter process profits for opening stock		1,396	2,690	6,534

Stocks in processes are valued at prime cost and finished stock has been valued at the price at which it was received from Process C. Sales during the period was ₹4,20,000.

Prepare and compute:

- a) Process cost accounts showing profit element at each stage
- b) Actual realised profit, and,
- c) Stock valuation for balance sheet purposes.

Q2. The following balances were extracted from the books of a company as on 31st March 2023.

Opening Balances:

Ram Materials Control Account (Dr.) ₹ 1,00,400

Work-in-Progress Control Account (Dr.) ₹ 25,490

Finished Stock Control Account (Dr.) ₹ 51,960

General ledger Control Account (Cr.) ₹ 1,77,850

Following further transactions took place during the year.

Particulars	Amount (₹)
Factory Overheads allocated to Work in progress	23,572
Finished goods at cost	67,668

Purchases- Raw Materials	44,844
Direct wages allocated to Work in progress	16,740
Raw Materials issued to production	34,252
Cost of Goods sold	82,778
Finished goods returned by customers at cost	5,712
Raw material losses	2,472
Work in Progress Rejected (with no scrap value)	3,528

Prepare the following ledger accounts: Raw Materials Control Account, Work-in-Progress Control Account, Finished Stock Control Account and General ledger Control Account.

(20 marks)

Q3. M/s. XYZ Enterprises secured a contract for ₹ 90,00,000 and as per the contract agreement, the contractee would pay 90% of the work certified immediately upon the architect certificate and the balance would be paid on completion of the contract. The work was commenced on 01-04-2022. The Actual expenditure upto 31-03-2023 and Estimated expenditure upto 30th September 2023 are as follows:

Particulars	Actual Expenditure (₹)	Estimated Expenditure (₹)
Direct materials	21,00,000	18,50,000
Indirect materials	3,55,000	4,75,000
Direct wages	5,21,640	4,98,360
Sub-Contract Charges	62,060	32,940
Architect fees	1,15,000	1,80,000
Administrative overheads	4,28,780	2,74,220
Hiring charges for equipment	2,91,220	1,58,780
Closing materials at site	2,58,000	--
Certified work (cumulative)	45,00,000	90,00,000
Uncertified work	1,12,500	--

A special machinery costing ₹8,00,000 was purchased for use on the contract. Its estimated scrap value at the end of the contract would be ₹ 80,000.

It was decided that the profit to be taken credit for the year ended 31-03-2023 should be proportion of the estimated net profit to be realised on the completion of the contract with the cash received for the year bears the contract price. Prepare contract account for the year ended 31-03-2023 and estimated contract account. **(20 marks)**

Q4.A. From the given information calculate (a) Equivalent Production (b) Cost per unit of Equivalent Production.

	Degree of completion	Process Costs (₹)
Materials	80%	14,560
Labour	70%	21,360
Overheads	70%	14,240

Input- 7,600 units, Output- 6,000 units, Work-in-Progress- 1,600 units.

(10 Marks)

B. A certain product passes through two processes before it is completed. The output of each process is charged to the next process at a price calculated to give a profit of 20% on transfer price till it is transferred to finished stock. The following data is obtained at the end of 31st March 2023.

Particulars	Process I	Process II
Direct Material	40,000	60,000
Direct Wages	60,000	40,000
Stock as on 31 st December	20,000	40,000

Stocks in each process have been valued at prime cost of the process. Prepare Process cost accounts showing the profit element at each stage. **(10 marks)**

Q5.A. From the following particulars, pass journal entries in an integrated system of accounting in the books of M/s Moon Ltd. **(10 marks)**

Particulars	₹
Raw material purchased	6,00,000
Direct material issued to production	3,00,000
Wages paid (50% direct)	2,40,000
Wages charged to production	1,20,000
Factory overhead incurred	1,60,000
Factory overhead charged to production	2,00,000
Selling & distribution overheads incurred	80,000
Sales	15,00,000
Closing stock	Nil
Receipt from Debtors	4,00,000
Payment to creditors	2,00,000

Q5.B. i) Explain the advantages of Activity Based Costing. **(5 marks)**

ii) Write the objectives of Uniform Costing. **(5 marks)**

Q6. Write short notes in the following. **(4*5=20 marks)**

- Cost plus contracts.
- Features of Intergral Accounting.
- Escalation Clause.
- Equivalent Production.
