

**SARASWAT VIDYALYA'S**  
**SRIDORA CACULO COLLEGE OF COMMERCE & MANAGEMENT STUDIES**  
**KHORLIM, MAPUSA – GOA**  
**B.COM SIXTH SEMESTER END EXAMINATION – JUNE 2022**  
**(W.E.F 2019-20 CBCS)**

**COST ACCOUNTING MAJOR VII – ADVANCED COST ACCOUNTING II**

**[Duration: Two Hours]**

**[Max. Marks: 80]**

**Instructions:**

1. **Question No.1** is **compulsory**, however internal choice is available
2. **Answer any 3** questions **from Question 2 to Question 6.**
3. **Question No. 4 and Question no. 5** consists of **2 sub-questions of 10 marks each.**
4. Figures to the **right** indicate **maximum** marks allotted to the questions.

Q1. A certain product passes through three process desired before it is transferred to finished stock. The following information is obtained for the month of December. (20 marks)

Items	Process I	Process II	Process III	Finished stock
Opening stock	2,000	12,000	10,000	25,000
Direct material	13,000	20,000	40,000	-
Production overhead	10,000	25,000	25,000	-
Closing stock	5,000	6,000	32,000	33,000
Profit % on transfer price to the next process profit.	20%	25%	10%	-
Inter profit for opening stock	-	2,000	2,800	10,000

Stock in process is valued at prime cost and finished stock has been valued at the price at which it was received from process III. Sales during the period were Rs.3,00,000.

Prepare and compute:

1. Process cost accounts showing profit element at each stage.
2. Stock valuation for balance sheet purpose.

Q2. Construction Ltd. is engaged on two contracts A and B during the year. The following particulars are obtained at the yearend (Dec. 31): (20 marks)

	<b>Contract A</b>	<b>Contract B</b>
Date of commencement	<b>April 1</b>	<b>September 1</b>
Contract price	5,00,000	4,00,000
Materials used	1,50,000	50,000
Materials returned	6,000	2,000
Materials at site(Dec 31)	22,000	8,000
Direct labour	1,50,000	42,000
Site expenses	66,000	35,000
Establishment expenses	25,000	7,000
Plant installed at site	60,000	50,000

Value of plant ( Dec 31)	65,000	64,000
Cost of contract not yet certified	23,000	10,000
Value of contract certified	4,20,000	1,35,000
Cash received from contractees	3,78,000	1,25,000
Architect fees	2,000	1,000

During the period materials amounting to Rs. 8,000 have been transferred from contract A to contract B. You are required to show :

- Contract accounts
- Contractees accounts, and
- Extract from Balance Sheet as on December 31, clearly showing the calculation of work-in progress.

Q3. Sunshine chemicals started operation on 1<sup>st</sup> January 2022. Following transactions took place till the year ended 31<sup>st</sup> December 2022. (20 marks)

	Particulars	Amount
1.	Materials purchased	30,50,000
2.	Materials issued to production	15,00,000
3.	Materials returned to supplier	30,000
4.	Materials returned from production	20,000
5.	Total wages paid	26,00,000
6.	<u>Wages allocated as follows:</u>	
	Direct wages	25,00,000
	Indirect wages	1,00,000
7.	Factory overheads paid	12,50,000
8.	Factory overheads allocated to production	50% of Direct wages
9.	Cost of goods purchased	45,00,000
10.	Cost of goods sold	23,50,000
11.	Sales for the year	40,00,000

Prepare relevant control accounts and draw trial balance as on 31<sup>st</sup> December, 2022.

Q4.a) From the following information prepare: (10 marks)

- Statement of equivalent production
- Statement of Evaluation
- Statement of cost per equivalent unit.
- Process A account

Assuming that there is no opening WIP and process losses

Input : 3,800 units; output: 3000 units; closing WIP 800 units.

	Degree of completion	Process cost
Materials	80%	7,280
Labour	60%	10,680
Overheads	60%	7,120

b) What do you mean by activity based costing? State and explain the various steps involved in activity based costing process. **(10 marks)**

**Q5. Answer the following questions: (2x10= 20 marks)**

- a) What is cost-plus contract? Discuss the advantages of cost plus contract from the contractors and the contractee's point of view
- b) What is the difference between integral and non-integral system of accounting.

**Q6. Write a short note on: (Answer any 4) (4x5= 20 marks)**

- a) Escalation clause.
- b) Features of integral costing.
- c) Normal wastage & abnormal wastage.
- d) Meaning of equivalent production.
- e) Essential pre-requisites of integrated accounts.
- f) Importance of control accounts.

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