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

EXAMINATION NOVEMBER 2023

Cost & Management Accounting - Advanced Cost Accounting - II

[Time: 2:00 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.

- Q1 A product passes through two processes before it is completed. The output of each process 20 is charged to the next process at a price calculated to give a profit of 20% on transfer price (i.e. 25% on cost price). The output of process II is charged to finished stock account on similar basis. There was no work in progress at the beginning of the year and overheads have been ignored. Stocks in each process have been valued at prime cost of the process. The following data is obtained at the end of 31st March 2019.

Particulars	Process I (Rs.)	Process II (Rs.)	Finished Stock (Rs.)
Direct Material	20,000	5,000	-
Direct Wages	15,000	10,000	-
Stock on 31 st March, 2019	5,000	6,500	5,000
Sales during the year	-	-	1,10,000

You are required to prepare Process cost accounts and finished stock account showing the profit element at each stage.

- Q2 MNL Construction Ltd. commenced a contract on 1st April, 2018. The total contract was 20 for Rs. 17,50,000. It was decided to estimate the total profit on the contract and to take to the credit of Profit and Loss Account the proportion of estimated profit on cash basis which the work completed bore to the total contract. Actual expenditure for the period 1st April, 2018 to 31st March, 2019 and estimated expenditure for the period 1st April, 2019 to 31st December, 2019 are given below.

	01.04.2018 to 31.03.2019 (Actuals) (Rs.)	01.04.2019 to 31.12.2019 (Estimated) (Rs.)
Materials issued	3,00,000	5,50,000
Labour: Paid	2,00,000	2,50,000
Outstanding	20,000	30,000
Plant purchased	1,50,000	-
Expenses: Paid	75,000	1,50,000
Prepaid	15,000	-
Plant returned to store (historical cost)	50,000	1,00,000 (on 31.12.2019)
Materials at site	20,000	50,000
Work certified	8,00,000	Full
Work uncertified	25,000	-
Cash received	6,00,000	-

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 31st December, 2019. Prepare contract account for the period from 01.04.2018 to 31.03.2019 and estimated contract account for the entire period from 01.04.2018 to 31.12.2019.

Q3 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	15,680	
Finished Stock Ledger Control Account	11,720	
Stores Ledger Control Account	21,000	
General Ledger Adjustment Account		49,600

Transactions for the year 2018 - 2019 are as follows:

Particulars	Rs.
Direct wages	1,22,400
Indirect Wages	5,600
Factory overheads allocated to production	37,400
Administrative overheads allocated	12,400
Stores issued to production	78,600
Cost of goods finished during the year	2,40,000
Cost of finished goods sold (no stock was left at the year-end)	2,64,000
Stores purchased	72,000
Stores issued to factory repair order	3,000
Carriage inward on stores issued for production	1,200
Factory expenses	28,000
Administrative expenses	12,000
Sales	2,64,000

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

- General Ledger Adjustment Account
- Work-in-Progress Control Account
- Stores Ledger Control Account
- Finished Goods Control Account

- Q4 (a) What is uniform costing? Explain its advantages. *(any five points)* 10
 (b) Datta Enterprises operates an integral system of accounting. You are required to pass the journal entries for the following transactions that took place for the year ended 31.03.2019. 10

	Amount (Rs.)
Raw materials purchased on credit	6,00,000
Materials issued to production	4,00,000
Wages paid (50% direct)	2,00,000
Wages charged to production	1,00,000
Selling and distribution expenses incurred	40,000
Finished product (at cost)	5,00,000

- Q5 (a) What is responsibility accounting? Explain the various types of responsibility centres. *(any four)* 10
 (b) From the following details extracted from the books of XYZ Ltd. For the month of January 2018 prepare (i) Statement of equivalent production (ii) Statement of Cost and (iii) Statement of Evaluation using FIFO Method. 10
- (i) Opening Stock as on 01.01.2018 200 units @ Rs. 4 per unit
 Degree of completion: Materials 100%, Labour and overheads 40%
- (ii) Inputs introduced 1,050 units
- (iii) Output transferred to next process 1,100 units
- (iv) Closing stock as on 31.01.2018 150 units
 Degree of completion: Materials 100%, Labour and overheads 70%
- (v) Other relevant information regarding the process are as follows: Materials Rs. 3,150, Labour Rs. 4,500 and Overheads Rs. 2,250

- Q6 Write short notes **(any four)** 20
- (a) Objectives and limitations of inter-process profits.
 (b) Advantages of cost plus contract to the contractor and contractee.
 (c) Steps in implementation of activity based costing
 (d) Pre-requisites of an inter-firm comparison scheme
 (e) Objectives of uniform costing.