Roll. No. ________

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Shree Damodar College of Commerce & Economics, Margao-Goa

TY B.Com, Semester VI(OC-66), Semester End Examination, June 2022

Cost and Management Accounting (DSE 7)

Advanced Cost Accounting Costing- II COD126

Duration: 2hrs | Max Marks: 80

Instructions:

1) Start each question on fresh page.
2) Figures to the right indicate maximum marks.
3) Question No.1 is Compulsory.
4) Answer any three questions from Q. No. 2 to Q. No.6.
5) All Questions carry equal marks.
6) Enter the appropriate main & sub-questions numbers in the answer- book

Q.1) A certain product passes through three 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 (i.e. 25% on cost price). The output of Process III is charged to finished stock account on a similar basis. There was no work-in-progress at the beginning of the year and overheads have been ignored. Stock in each process has been valued at prime cost of the process. The following data are obtained at the end of 31st March, 2007

	Process I Rs.	Process II Rs.	Process III Rs.	Finished Stock Rs.
Direct material	4,000	6,000	2,000	----
Direct wages	6,000	4,000	8,000	----
Stock on 31st March	2,000	4,000	6,000	3,000
Sale during the year				36,000

From the above information prepare

a) Process cost accounts showing the profit element at each stage

b) Actual realised profits;

c) Stock valuation as would appear in the balance sheet. **(20 marks)**

Q.2) From the following details, prepare

1. Statement of Equivalent Production
2. Statement of Cost
3. Statement of Evaluation

4. Process Account using **FIFO** method.

Opening work in progress	2000 Units
Material (100% Complete)	Rs. 5000
Labour (60% Complete)	Rs. 3000
Overheads (60% Complete)	Rs. 1500
Units introduced in the process	8000 Units

There are 2000 units in progress and stage of completion is estimated as Material - 100%. Labour - 50%, Overheads - 50%

8000 units are transferred to next process.

The process costs for the period are;

Material	Rs. 96000
Labour	Rs. 54600
Overheads	Rs. 31200

(20 marks)

Q.3) Journalise the following transactions assuming Cost & Financial accounts are integrated

Particulars	Amount
Raw Material purchased on credit	1,50,000
Direct Material issued to production	1,12,500
Wages paid (30% indirect)	90,000
Wages charged to production	75,000
Manufacturing expenses incurred	63,000
Manufacturing expenses charged to production	69,000
Selling & Distribution cost paid	15,000
Finished product at cost	1,50,000
Sales (on credit basis)	2,25,000
Receipt from customers	52,500
Paid to creditors	82,500
Closing stock	-----

(20 marks)

Q.4) The following balances are extracted from the books of Reliance Co

Particulars	1st Jan 2004	31st Dec 2004
Stores on hand	3,200	4,506
Stock of finished goods	4,870	5,124
Work in progress	6,200	4,962
Purchases		15,000
Carriage inwards (charged to production)		226
Stores issued		13,800
Wages –Direct		13,320
Wages -indirect		4,680
Works expenses including rent , power etc		13,400
Material issued for repairs		120
Cost of completed production		49,254
Cost of finished goods sold		49,000
Selling expenses		1,134
Office & Administration expenses		2,650

The cost journal shows that Rs 18,266 & Rs 2,630 were allocated to work in progress in respect of works overheads & office overheads respectively. You are required to prepare necessary ledger accounts under non-integrated system. **(20 marks)**

Q.5. The following information relate to Contract No 123. You are required to prepare the Contract account and Contractee's A/c assuming the balance of the contract was duly received

Direct materials		20,250
Direct wages		15,500
Stores Issued		10,500
Loose tools		2,400
Tractor expenses		
Running material	2,300	
Wages of driver	3,000	5,300
Other direct charges		2,650

The contract took 13 weeks in its completion. The value of loose tools and stores returned at the end of the period were Rs 200 & Rs 3000 respectively. The plant was also returned at a value of Rs 16,000 after charging depreciation at 20%. The value of the tractor was Rs 20,000 & the depreciation was to be charged to the tractor @15 % p.a. The administration & office expenses are to be provided at 10% on works cost. Profit is to be charged at 20% of total cost. **(20 marks)**

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Q.6 Write short notes on any 4 from the following: **(4 x 5marks = 20 marks)**

1. Meaning & advantages of inter process profits
2. Procedure for Accounting of Equivalent Production
3. Suitability of Activity based costing
4. Need for uniform costing
5. Implementation of Activity Based Costing
6. Escalation Clause