

# GURDASPUR

Cost A/L II

TIME : 2 hrs.

MARKS : 60

- N.B. : 1) All questions are compulsory.  
2) All Questions carry equal marks..

Q.1 Ordiance factory has undertaken a job. As per cost ledger, the following expenses have been debited to this job you are required to prepare job cost sheet and calculate the total amount to be billed to the customer in order to get 20% profit on sales.

Job Cost details

1) Direct materials :-

Cast iron 10kg @ Rs. 1 per kg.

Gun metal 5 kg. @ Rs.10 per kg.

2) Direct labour :-

department A 20 hours @ Rs.0.50 per hour

department B 15 hours @ Rs.0.40 per hour

3) Direct expenses Rs.29

4) Fixed overheads allocated to the job Rs.35.

5) Variable Overheads.

department A Rs.9000 for 6000 hours.

department B Rs.10,800 for 9000 hours.

OR

Q.1 From the following information prepare a cost sheet for the year 2005.

Particulars	Rs.
Opening stock of raw materials	3,00,000
Purchases	8,00,000
Closing stock of raw materials	4,00,000
Carriage outward	50,000
Direct wages	7,00,000
Indirect wages	1,00,000
Direct expenses	2,00,000
Factory rent & rates	40,000
office rent	5,000
depreciation of plant	5,000
depreciation on office furniture	1,000
salary - office	25,000
salesmen salary	20,000
WIP on 1.1.2005	20,000
WIP on 31.12.2005	10,000
Scrap sold	10,000
other office expenses	9,000
Indirect materials used in factory	25,000
Managing director's remuneration	1,20,000
other selling expenses	10,000
Advertisement	60,000
Stock of finished goods 1.1.2005	10,000
Stock of finished goods 31.12.2005	50,000
Travelling expenses of salesmen	11,000

Managing directors remuneration to be allocated at Rs.40,000 to factory, Rs.20,000 to office and Rs.60,000 to sales.

Q.2 Product 'P' passes through three processes to completion. Following are the relevant details :-

elements	Process I Rs.	Process II Rs.	Process III Rs.
Direct Material	2000	3020	3462
Direct labour	3000	4000	5000
Direct expenses	500	226	--

1000 units at Rs.5/- each were issued to process No.1 Output of each process was :-

Process No.1 - 920 units

Process No.2 - 870 units

Process No.3 - 800 units

Normal loss in the Process was estimated as Process 1 - 10% of units introduced, Process 2 5% of units introduced and process 3 :- 10% of units introduced. Scrap value in the processes are Rs.3 per unit, Rs.5 per unit and Rs.6 per unit respectively.

There was no stock of materials or work-in progress in any department at the beginning or end of the period. Production overhead is allocated to each process on the basis of 50% of the cost of direct labour. Show Process accounts.

OR

Q.2 The Product of a company passes through three processes called respectively A, B & C. From the past experience it is ascertained that wastage is incurred in each process as under :- Process A - 2%, process B - 5% and Process C - 10%. The scrap value of wastage of process A & B is sold at Rs.5 per 100 units & that of process C is Rs.2 per unit. Following information is obtained for the month of March 2007. 20,000 units of crude materials were introduced in process A at the cost of Rs.8000.

	Process A (Rs.)	Process B (Rs.)	Process C (Rs.)
Materials consumed	4000	1500	1000
Direct labour	6000	4000	3000
Manufacturing expenses	640	225	2405

Other details :-

	Process A	Process B	Process C
Output (units)	19500	19250	15900
Finished product stock on 1st March 2007	2000 units	3000 units	5000 units
on 31st March 2007	1500 units	4000 units	----

Stock valuation on 1<sup>st</sup> March 2007 per unit Re1, Rs.1.50, Rs.1.80 respectively, stocks on 31<sup>st</sup> March 2007 are to be valued as per valuation as on 1st March 2007. Draw Process accounts & Process stock account.

Q.3 During the calendar year 2005, the accounts of Air cool services Ltd. revealed the following data; for Aircoolers.

Materials used	-	Rs.9,99,999
Direct wages	-	Rs.4,44,444
Factory overheads	-	Rs.1,11,111
office overheads	-	Rs. 15,556

It is estimated that in 2006 :-

Each cooler will require materials worth Rs.990/- Expenditure onn direct wages will be Rs.888/- Factory overhead will be recovered as a percentage of direct wages as last year. Office overheads will be recovered as percentage of works cost as last year. The company deisres to earn a profit of 50% on selling price. 1) Prepare the cost sheet for year 2005 2) Estimated Cost sheet showing the price at which each aircooler should be sold during the year 2006.

**OR**

Q.3 Electronics Ltd. furnish the following information for 10,000 TV valves manufactured during year 2005

Particulars	(Rs.)
Materials	90,000
Direct wages	60,000
Power & consumable stores	12,000
Factory indirect wages	15,000
Lighting of factory	5,500
Cost of rectification of defective work	3,000
office salaries & management expenses	33,500
Selling expenses	5,500
Sale proceeds of scrap	2,000
Plant repairs & depreciation	11,500

The net selling price was Rs.31.60 per unit sold & all units were sold.

As from 1st January 2006, the selling price was reduced to Rs.31 per unit. Rate for materials and direct wages will increase by 10%. Assuming that 15000 units will be produced and sold during the year and factory overheads will be recovered as a percentage of direct wages & office and selling expenses as a percentage of works cost, you are required to prepare :-

- a) Cost sheet for the year 2005 showing various elements of cost in total & per unit
- b) Estimated cost & profit for 2006.

Q.4 What is cost sheet? Explain its components.

**OR**

Q.4 What is process costing? Explain normal loss, Abnormal loss & abnormal gain.

