

COST ACCOUNTING 16UCO513

K1-LEVEL QUESTIONS

UNIT-1

1. Which of the following cost is also known as overhead cost or on cost:
 - a. Cost of direct labour
 - b. Cost of indirect labour
 - c. Direct expenses
 - d. **Indirect expenses**

2. Which of the following calculate the actual cost of product:
 - a. Cost estimation
 - b. Costing
 - c. **Both a and b**
 - d. None of these
3. Costing is specialized branch of accounting which deals with:
 - a. Classification, recording, allocation, and control of asset
 - b. Classification, processing, allocation and directing
 - c. Classification, recording, planning and control of asset
 - d. **Classification, recording, allocation and directing**
4. Basic objectives of cost accounting is_____.
 - A. tax compliance.
 - B. financial audit.
 - C. **cost ascertainment.**
 - D. profit analysis.
5. Costing refers to the techniques and processes of _____
 - A. **ascertainment of costs.**
 - B. allocation of costs.
 - C. apportion of costs.
 - D. distribution of costs.
6. Wages paid to a labour who was engaged in production activities can be termed as_____

A. direct cost.

B. indirect cost.

C. sunk cost.

D. imputed cost

7. Classification of cost is useful _____

A. to find gross profit.

B. to find net profit.

C. to identify costs.

D. to identify efficiency.

8. Elements of costs are _____

A. Three types.

B. Four types.

C. Five types.

D. Seven types.

9. Direct expenses are also called _____

A. major expenses.

B. chargeable expenses.

C. overhead expenses.

D. sundry expenses

10. Operating costing is suitable for _____.

A. job order business.

B. contractors.

C. sugar industries.

D. service industries.

UNIT-II

1. Perpetual inventory system involves_____.

A. Bin card and stores ledger.

B. Bill of material and material requisition.

C. Purchase requisition and purchase order.

D. Inward and outward invoices.

2. FIFO is_____.

A. Fast Investment in Future Order.

B. First In First Out.

C. Fast In Fast Out

D. Fast Issue Of Fast Order.

3. LIFO method of pricing of materials is more suitable when.

A. Material prices are rising.

B. Material prices are falling.

C. Material prices are constant.

D. Material prices are fluctuating.

4. Average method of pricing the material issues is useful when_____.

A. Material prices are rising.

B. Material prices are falling.

C. Material prices are constant.

D. Material prices are fluctuating.

5. Scrap is _____.

- A. **Residue of material.** B. Wastage of material. C. Surplus material.
D. Abnormal loss of material.

6. Material is issued by store keeper against _____

- A. **Material requisition.** B. Material order. C. Goods received note.
D. Purchase requisition.

7. EOQ stands for _____.

A. **Economic Order Quantity.**

B. Essential Order Quantity

C. Economic Output Quantity.

D. Essential Output Quantity.

8. The document which is prepared after receiving and inspecting material _____.

A. Material record note.

B. Goods received note.

C. Bill of material.

D. Inventory record.

9. Material control involves _____.

A. consumption of material

B. Issue of material.

C. Purchase of material.

D. Purchase, storage and issue of material.

10. Material requisition is meant for _____.

A. Purchase of material.

B. Supply of material from stores.

C. Sale of material.

D. Storage of material.

UNIT-III

1. Over-absorption of factory overheads, due to inefficiency of management, should be disposed of by:

a. Carry forward to next year

b. Supplementary rate

c. **Transfer to costing P&L A/c**

d. Any of these

2. When absorbed overheads are Rs.23,540 and actual overheads are Rs.22,400, there is:

a. Under absorption of Rs.1,140

b. **Under absorption of Rs.45,940**

c. Over absorption of Rs.1,140

d. Over absorption of Rs.45940

3. Danger level= Normal consumption X _____

a. Reorder period

b. Maximum Reorder period

c. **Maximum Reorder period in emergency**

d. Minimum Reorder period

4. Electricity expenses is allocated on the basis of _____
- a) Area occupied b) No.of workers c) Horse power d) **light power**
5. Apportionment of overheads to the production and services department is called _____
- a) Secondary distribution b) Repeated distribution c) **primary distribution** d) none of these
6. The basis of apportionment of store keeping department cost of various production departments is _____
- a) Wages paid b) **material cost** c) No.of employees d) factory overhead
7. The method of recording the time spent by worker over and above the normal working hours is called _____
- a) **Idle time** b) over time c) motion study d) idle time study
8. The payment of wages according to the efficiency of the worker is called _____
- a) Time wages b) direct wages c) **piece wages** d) indirect wages
9. When the incentive is shared by all the workers in a job, it is known as _____
- a) Time wages b) bonus c) high piece rate d) **group bonus**
10. The process of assessment and analysis of each job is known as _____
- a) Merit rating b) time keeping c) work study d) **job evaluation**

UNIT-IV

1. First step in process costing system is to
- a. **summarize flow of output**
- b. compute output in units

- c. summarize total costs
 - d. compute cost for each equivalent unit
2. In process costing method, when work done in current accounting period, and beginning inventory before current accounting period, is classified as
- a. partial inventory costing method
 - b. current period inventory method
 - c. Last-in, first-out method
 - d. First-in, first-out method**
3. Fifth step in process costing system is to
- a. allocate separable costs
 - b. allocate joint costs
 - c. compute gross margin
 - d. assign total cost to completed unit
4. Costing system, which classify cost into cost categories in a way when an expense is incurred in process is called
- a. conversion expense costing system
 - b. inventory costing system
 - c. process costing system**
 - d. job costing system
5. Cost of previous department is a part of
- a. transferred-in costs**
 - b. transferred-out costs
 - c. FIFO costs
 - d. LIFO costs
6. If beginning work in process equivalent units are 2500 units, work done in current period equivalent units are 3800 units and ending work in process equivalent units are 5000, then complete equivalent units in current period are
- a. 1800 units
 - b. 1500 units
 - c. 1300 units**
 - d. 1500 units

7. A unit cost calculated in costing system, by assigning total costs incurred to many similar units is categorized as
- accounting period costing system
 - process costing system**
 - job costing system
 - none of above
8. Process costing would be used in all of the following industries except:
- Petroleum refining.
 - Chemicals.**
 - Truck tire manufacturing.
 - Wood pulp production.
9. Equivalent production units are calculated in process account due to _____
- Editing
 - Cost centre
 - cost unit
 - work- in –progress.
10. Normal process loss is adjusted with the _____
- cost of production
 - P &L A/c
 - Overhead
 - Fixed cost.

UNIT-V

1. Warehouse rent is a part of _____.
- A. Prime cost. B. factory cost. **C. distribution cost.** D. production cost.
2. Indirect material scrap is adjusted along with _____
- A. Prime cost. **B. factory cost.** C. labour cost. D. cost of goods sold.
3. Which one of the following is not considered for preparation of cost sheet?
- A. Factory cost. **B. Goodwill written off.** C. Selling cost. D. Labour cost.
4. Sale of defectives is reduced from _____.
- A. prime cost. B. works cost. **C. cost of production.** D. cost of sales
5. Tender is a _____
- A. Estimation of profit. B. Estimation of cost. **C. Estimation of selling price.**

D. Estimation of units.

6. Cost of sales plus profit is _____.

A. Selling price. B. value of finished product. C. value of goods produced.

D. value of stocks.

7. Prime cost includes. _____

A. Direct materials, direct wages and indirect expenses.

B. Indirect materials and indirect labour and indirect expenses.

C. Direct materials, direct wages and direct expenses.

D. Direct materials, indirect wages and indirect expenses.

8. Total of all direct costs is termed as _____.

A. Prime cost. B. works cost. C. cost of sales. D. cost

9. Factory overhead can be charged on the basis of _____

A. Material cost. B. Labour cost. C. Prime cost. D. direct expenses

10. Office and administrative expenses can be charged on the basis of _____.

A. Material cost. B. labour cost. **C. Prime cost.** D. factory cost.

COST ACCOUNTING 16UCO513

K2-LEVEL QUESTIONS

UNIT-1

1. Define cost Accounting.

Weldon defines cost accounting as “classifying, recording and appropriate allocation of expenditure for determination of costs of products or services and for the presentation of suitably arranged data purposes of control and guidance of management”

2. What is Cost units?

cost units are usually the units of physical measurements like Number, weight, area, length, value, time etc.

3. Define Cost centre.

According to Chartered Institute of Management Accountants, London, cost centre means “a location, person or item of equipment (or group of these) for which costs may be ascertained and used for the purpose of cost control”

4. What is Profit centre?

A profit centre is that segment of activity of a business which is responsible for both revenue and expenses and discloses the profit of a particular segment of activity.

5. What is fixed cost?

Fixed Costs are those costs which remain fixed in total amount with increase or decrease in the volume of the output or productive activity for a given period of time. Fixed Costs per unit decreases as production increases and vice versa.

6. What are Variable Costs?

Variable Costs are those costs which vary in direct proportion to the volume of output. These costs fluctuate in total but remain constant per unit as production activity changes.

7. What are Semi-variable?

Semi-variable Costs are those which are partly fixed and partly variable.

8. What is an element of cost?

The elements of costs are three and they are materials, labour and other expenses.

9. What is a historical cost?

Costs which have already been incurred are called historical costs.

10. What is sunk cost?

Sunk cost is the difference between the book value and scrap value of an asset.

UNIT-II

1. What is material?

The materials are a major part of the total cost of producing a product and are one of the most important assets in majority of the business enterprises.

2. What are the two types of materials?

- i) Direct material
- ii) Indirect material

3. What is Storekeeping?

Store keeping is a service function. The storekeeper is a custodian of all the items kept in the store. The stores should be maintained properly and cost minimized.

4. What do you mean by Re-ordering Level?

Re-ordering level is that point of level of stock of a material where the storekeeper starts the process of initiating purchase requisition for fresh supplies of that materials.

5. What is Economic Ordering Quantity?

The quantity of material to be ordered at one time is known as economic ordering quantity. This quantity is fixed in such a manner as to minimize the cost of ordering and carrying the stock.

6. Write a formula for Danger level.

Danger Level = Average consumption x Maximum re-order period for emergency purchases.

7. What is Bin Card?

A bin card is a record of the receipt and issue of material and is prepared by the Store keeper for each item of stores a bin card is also known as bin tag or stock card.

8. Expand ABC.

Always better control

9. Expand VED.

Vital, Essential and Desire.

10. Define Perpetual Inventory System

The Chartered Institute of Management Accountants, London, defines the perpetual inventory as “a system of records maintained by the controlling department, which reflects the physical movements of stocks and their current balance”

UNIT-III

1. What is idle time?

Idle time is the difference between the time spent by the worker in the factory and the time spent in the job for production purpose only.

2. What is Abnormal Idle Time?

It is that time the wastage of which can be avoided if proper precautions are taken.

3. What is Over Time?

It is the work done beyond the normal working period in a day or week.

4. Write a formula for Halsey Premium Plan.

Total earnings = $T \times R + \% (S-T) R$

5. Write a formula for Rowan Plan

Total Earnings = $T \times R + S-T/S \times T \times R$

6. Define Overheads.

CIMA defines indirect cost as “expenditure on labour, materials or services

Which cannot be economically identified with a specific saleable cost per unit?”

7. What is direct wages?

Expenses which are booked with the amounts of wages eg:- worker's

Insurance, their contribution to provident fund, worker's compensation etc. are

Distributed amongst the departments in the ratio of wages.

8. What is direct re-distribution method?

Under this method, the costs of service departments are directly apportioned to production departments without taking into consideration any service from one service department to another service department.

9. What is Re-apportionment of Service Department cost?

Service department costs are to be reapportioned to the production departments or the costcentres where production is going on. This process of re-apportionment of overhead expenses is known as 'Service Distribution'.

10. Write a formula for Machine hour rate.

Machine hour rate = Amount of overheads / Machine hours during a given period

UNIT-IV

1. Define process costing.

According to ICMA terminology, "Process Costing is that form of operation costing which applies where standardized goods are produced".

2. In which industry the process costing may be apply?

Process Costing is used in the industries like manufacturing industries, chemical industries, mining worksand public utility undertakings.

3. What is normal process loss?

This is the loss which is unavoidable on account of inherent nature of production process. It arises under normal conditions.

4. What is Abnormal Process Loss?

Any loss caused by unexpected or abnormal conditions such as plant break don, substandard materials, carelessness, accident etc. or loss in exceeds of the margin anticipated for normal process loss can be called as abnormal process loss. It is controllable and avoidable.

5. What is Abnormal Gain?

Actual loss or wastage in a process is less than expected normal loss. In this casethe difference between actual loss and expected loss is known as abnormal gain or abnormal effective. It is the excess of actual production over normal output.

6. What is work-in-Progress?

The firms manufacturing is on a continuous basis and the problem of work-in-progress is quite common. The work-in-progress consists of direct materials, direct wages andproduction overhead.

7. What is Equivalent Production?

Equivalent production represents the production of a process in terms of completed units.

8. Write a formula for closing stock calculation in process costing.

Value of closing stock = cost of production X No.of units of closing stock / number of units produced.

9. Write a formula for Number of units produced.

No.of units produced = No.of units of opening stock + units introduced – units of normal loss.

10. Write any two Disadvantages of Process Costing.

1. Valuation of work in progress is difficult.
2. It is not easy to value losses, wastes, scraps etc.

UNIT-V

1. Define unit costing.

According to J.R Batliboi, “Single or output cost system is used in business where a standard product is turned out and it is desired to find out the cost of a basic unit of production.”

2. What is Cost sheet?

Cost sheet is a device used to determine and present the cost under unit costing. It is a statement of costs incurred at each level of manufacturing a product or service. In a Cost sheet all the elements of cost is taken into consideration. It includes Prime cost, Factory/manufacturing cost, cost of production, cost of sale Profit/loss etc.

3. What do you mean by tenders?

A tender or quotation is an offer made by a person to supply certain goods at a specified price. It is an estimated price which is determined in advance of production. Reasonable margin of profit is added to the estimated cost to get the tender price.

4. Define job costing.

According to ICMA London, “job costing is that form of specific order costing which applies where work is undertaken to customer’s specific requirements and each order is of comparatively of short duration.”

5. What is transport costing?

It is a method of costing applied to undertaking which provides service rather than production of commodities. The services may be in the form of transport, supply service, welfare service, etc.

6. What is running charges?

These charges vary more or less in direct proportion to kilometres. All the variable charges of running vehicles are included in this group. Generally it includes petrol, oil, grease etc., and wages of driver, attendant if payment is related to time or distance of trip.

7. What is fixed charges?

These charges are incurred in spite of the kilometres run. It is fixed in nature. Eg. Insurance, Motor vehicle tax, license fee, rent, salary of operating manager.

8. Write a formula for Factory OH is charged as a percentage of direct wages.

$$\text{Factory OH} \times 100 / \text{direct wages}$$

9. What is spoilage?

It is natural to get wastage, scrap or spoilage during the production. Strict control measure may reduce this kind of losses.

10. What is Overheads?

Overheads may be defined as the aggregate of the cost of indirect materials, indirect labour and such other expenses including services as cannot conveniently be charged direct to specific cost units

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K3-LEVEL QUESTIONS

UNIT-1

1. What are the objectives of cost Accounting?
2. Explain the functions of cost Accounting?
3. Write a short note about cost as an aid to management.
4. Explain the objections against cost accounting.
5. Difference between Cost accounting and management accounting.

UNIT-II

1. Find out the economic ordering quantity (EOQ) from the following particulars.
Annual usage: 6000 units
Cost of material per unit: Rs. 20
Cost of Placing and receiving one order: Rs.60
Annual carrying cost of one unit: 10% of inventory value.
2. Calculate the re-ordering level from the following information:
Maximum consumption = 500 units per day
Minimum consumption = 400 units per day
Re-order period = 10 to 12 days
3. Material A is used as follows:
Maximum usage in a month 600 Nos
Minimum usage in a month 400 Nos
Average usage in a month 450 Nos
Lead Time: Maximum 6 Months, Minimum 2 Months
Reorder Quality 1,500 Nos
Maximum reorder period for an emergency purchase 1 month
Calculate
 - a) Maximum level
 - b) Minimum level
4. Write a short note about VED analysis.

5. From the following information. Prepare stores ledger account on the basis of base stock method. The base stock to be maintained is 200 units.

2001 Nov 1- Purchased 500 units @ Rs. 50 per unit.

7- Purchased 300 units @ Rs. 45 per unit.

8- Issued 400 units.

15 - Purchased 200 units @ Rs. 40 per unit.

17 -Issued 400 units.

UNIT-III

1. Calculate the earnings of workers A and B under Straight Piece-rate System and Taylor's Differential Piece-rate System from the following particulars.

Normal rate per hour = Rs.1.80

Standard time per unit = 20 seconds

Differentials to be applied:

80 % of piece rate below standard

120% of piece rate at or above standard.

Worker A produces 1,300 units per day and worker B produces 1,500 units per day.

2. A worker completes a job in a certain number of hours. The standard time allowed for the job is 10 hours, and the hourly rate of wages is Rs.1. The worker earns a 50% rate of bonus of Rs. 2 under Halsey Plan. Ascertain his total wages under the Rowan Premium Plan.
3. Calculate the earnings of a worker under (a) Halsey premium plan (b) Rowan plan

Time allowed 48 hours

Time taken 40 hours

Rate per hour Re.1

4. In a factory workers are paid at Rs. 50 per hour. During the month of April 2010, there were 25 working days of 8 hours each. There is also a piece work plan where in Rs.10 to be paid per piece is produced.

During the month worker 'X' produced on average 48 pieces per working day. Ascertain the wages of worker 'X' under:

- a) Time wages

b) Piece wages

5. Write a note about i) Normal idle time ii) Abnormal idle time.

UNIT-IV

1. Sri & co produces a product through two processes “J” & “K”. Prepare the process accounts from the following details relating to march 2017.

Particulars	Process J (Rs)	Process k (Rs)
Material	45,000	15,000
Labour	60,000	25,000
Chargeable expenses	5,000	10,000

The overheads amounting to Rs. 17,000 are to be apportioned on the basis of labour.

2. . The cost of production of 40 units consisting of material Rs.1, 500; labour Rs. 1,300 and overheads Rs.164. The normal waste is 5% of input. Show the process account.

3. Product X is obtained after it passes through three distinct processes. 2000 kg of materials at Rs.5 per kg were issued to the first process. Direct wages amounted to Rs.900 and production overhead incurred was Rs.500. Normal loss is estimated at 10% of input. This wastage is sold at Rs.3 per kg. The actual output is 1850 kg. Prepare process I A/c and Abnormal Gain / Abnormal loss A/c

4. In process A 100 units of raw materials were introduced at a cost of Rs.1000. The other expenditure incurred by the process was Rs. 602. Of the units introduced 10% are normally lost in the course of manufacture and they possess a scrap value of Rs.3 each. The output of process A was only 75 units. Prepare Process A A/c and Abnormal loss A/c.

5. Explain the advantages of process costing?

UNIT-V

1. Calculate Prime cost, Factory cost, Cost of Production, Cost of Sales and Profit from the following details:

	Rs.
Direct materials	10,000
Direct labour	4,000

Direct expenses	500
Factory expenses	1,500
Administrative expenses	1,000
Selling expenses	300
Sales	20,000

2. The following data is available in respect of job No: 876:
 Direct material: Rs 17,000; wages 160 hours at Rs. 50 per hour, variable overheads incurred for all jobs Rs. 80,000 for 2000 labour. Fixed overheads are absorbed at Rs. 20 per hour:
 Find the profit or loss from the job if the job is billed for Rs. 40,000
3. Following particulars relates to the manufacture of machines by ABC Co Ltd for the year ending 31st March 2011
 Materials used - 2,50,000
 Direct wages - 1,90,000
 Factory OH - 38,000
 Establishment charges - 35900
 Prepare a cost sheet showing the cost of Production of the Machines.
 What price the company should quote to manufacture a machine which, it is estimated will require an expenditure of Rs.12,000 in material and Rs. 10,000 in wages so that it will yield a profit of 20% on selling price.
4. Write a short note about Maintains charges.
5. Explain tender with example.

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K4-LEVEL QUESTIONS

UNIT-1

1. Briefly, explain the nature and scope of cost accounting.
2. Difference between financial accounting & cost accounting.
3. Explain the Advantages of cost accounting.
4. What are the disadvantages of cost accounting?
5. Difference between Cost accounting and management accounting.

UNIT-II

1. The received side of the Stores Ledger Account shows the following

Jan. 1 Opening Balance: 500 units @ Rs.4

Jan. 5 Received from vendor: 200 units @ Rs.4.25

Jan.12 Received from vendor: 150 units @ Rs.4.10

Jan.20 Received from vendor: 300 units @ Rs.4.50

Jan.25 Received from vendor: 400 units @ Rs.4

Issues of material were as follows:

Jan. 4- 200 units; Jan.10- 400 units; Jan. 15- 100 units; Jan 19- 100 units; Jan.26- 200 units;Jan.30- 250 units.

Issues are to be priced on the principle of “first in first out”. Write the Stores LedgerAccount in respect of the materials for the month of January.

2. From the particulars given below write up the stores ledger card:

2007

January 1 - Opening stock	1000 units at Rs.26 each
5- Purchased	500 units at Rs.24.50 each
7- Issued	750 units
10 - Purchased	1500 units at Rs.24 each
12 - Issued	1100 units
15 - Purchased	1000 units at Rs.25 each
17 - Issued	500 units
18 - Issued	300 units
25 - Purchased	1500 units at Rs.26 each

29 - Issued 1500 units

Adopt the Simple Average method.

3. Explain the requirement for the effective control over wastages, scrap and spoilage in detail.

4. The usage of material X, Y and Z in a company are as follows:

Maximum usage – 500 units per week each

Minimum usage -200 units per week each

Normal usage -350 units per week each

Re-order quantity- X: 2200 units; Y: 2000 units; Z: 2500 units

Re-order period- X 2 to 4 weeks; Y 3 to 6 weeks; Z 1 to 3 weeks.

Calculate for each material i) Maximum level ii) minimum level iii) Re-order level and iv) Average stock level

5. From the following information. Prepare stores ledger account on the basis of base stock method. The base stock to be maintained is 200 units.

2001 Nov 1- Purchased 500 units @ Rs. 50 per unit.

7- Purchased 300 units @ Rs. 45 per unit.

8- Issued 400 units.

15 - Purchased 200 units @ Rs. 40 per unit.

17 -Issued 400 units.

UNIT-III

1. A manufacturing concern has three production departments and two service departments. In July 1990, the departmental expenses were as follows:

Production Departments	Rs.	
A	16,000	
B	13,000	
C	14,000	
Service Departments	Rs.	
X	4,000	
Y	6,000	

The service department expenses are charged out on a percentage basis, viz.,

	A	B	C	X	Y
Expenses of department X	20%	25%	35%	-	20%
Expenses of department Y	25%	25%	40%	10%	-

Prepare a statement of secondary distribution under repeated distribution method.

2. Calculate the normal and overtime wages payable to a workman from the

Following data:

Days Hours Worked

Monday -	8 hrs.
Tuesday -	10 hrs.
Wednesday -	9 hrs.
Thursday -	11 hrs.
Friday -	9 hrs.
Saturday -	4 hrs.
Total =	51 hrs.

Normal Working Hours 8 hours per day

Normal rate Re.1 per hour

Overtime rate up to 9 hours in a day at single rate and over 9 hours in a day at double rate; or up to 48 hours in a week at single rate and over 48 hours at double rate whichever is more beneficial to the workman.

3. Calculate the earnings of workers A, B and C under straight piece rate system and

Merrick's multiple piece rate system from the following particulars:

Normal rate per hour Rs.1.8

Standard time per unit 1 minute

Output per day is as follows:

Worker A: 384 units

Worker B: 450 units

Worker C: 552 units

Working hours per day are 8

4. The Modern Company is divided into four departments: A, B and C are producing departments, and D is a service departments. The actual costs for a period are as follows:

Rent Rs.1000

Repairs to Plant Rs.600

Supervision Rs.1500

Fire Insurance in respect of Stock Rs.500

Depreciation of Plant Rs.450

Power Rs.900

Light Rs.120

Employers' liability for insurance Rs.150

The following information is available in respect of the four departments;

	Dept. A	Dept. B	Dept. C	Dept.D
Area (sq.mtrs)	1,500	1,100	900	500
Number of Employees	20	15	10	5
Total Wages (Rs.)	6,000	4,000	3,000	2,000
Value of Plant (Rs.)	24,000	18,000	12,000	6,000
Value of stock (Rs.)	15,000	9,000	6,000	-
H.P. of Plant	24	18	12	

Apportion the costs to the various departments on the most equitable basis.

5. In a factory workers are paid at Rs. 50 per hour. During the month of April 2010, there were 25 working days of 8 hours each. There is also a piece work plan where in Rs.10 to be paid per piece is produced.

During the month worker 'X' produced on average 48 pieces per working day.

Ascertain the wages of worker 'X' under:

a) Time wages

b) Piece wages

UNIT-IV

1. From the following figures, show the cost of three processes of manufacture. The production of each process is passed on to the next process immediately on completion.

	Process A	Process B	Process C
Wages and Materials	30400	30400	30400

Works Overhead	5600	5600	5600
Production units	36000	36000	36000
Stock on 1 July 2012 (units from preceding process)	12000	12000	12000
Stock on 31 July 2012 (units from preceding process)	5250	5250	5250

2. Bihar Chemicals Ltd produced three chemicals during the month of July 2012 by Three consecutive processes. In each process 2% of the total weight put in is lost and 10 % is scrap which from process 1 and 2 realizes Rs.100 a ton and from process 3 Rs.20 a ton. The product of three processes is dealt with as follows:

	Process 1	Process 2	Process 3
Passed on to the next process	75%	50%	-
Sent to warehouse for sale	25%	50%	100%

Expenses incurred:

	Rs	Tons	Rs	Tons	Rs	Tons
Raw materials	120000	1000	28000	140	107840	1348
Manufacturing wages	20500		18520		15000	
General expenses	10300		7240		3100	

Prepare Process Cost Accounts showing the cost per ton of each product.

3. The product of a company passes through three distinct processes to completion – A, B and C. From the past experience it is ascertained that losses incurred in each process as – A-2%, B-5% and C-10%.

In each case the percentage of loss is computed on the number of units entering the process concerned. The loss of each process possesses a scrap value. The loss of processes A and B sold at Rs.5 per 100 units and that of C at Rs.20 per 100 units.

The output of each process passes immediately to the next process and the finished units are reaped from process C into stock.

	Process A	Process B	Process C
Materials consumed	6000	4000	2000

Direct labour	8000	6000	3000
Manufacturing expenses	1000	1000	1500

20000 units have been issued to process A at a cost of Rs.10000. the output of each process has been as under:

A-19500, B- 18800 and C - 16000.

There is no work in progress in any process. Prepare process accounts. Calculations should be made to the nearest rupee.

4. Difference between process costing and job costing.
5. Product X is obtained after it passes through three distinct processes. 2000 kg of materials at Rs.5 per kg were issued to the first process. Direct wages amounted to Rs.900 and production overhead incurred was Rs.500. Normal loss is estimated at 10% of input. This wastage is sold at Rs.3 per kg. The actual output is 1850 kg. Prepare process I A/c and Abnormal Gain / Abnormal loss A/c

UNIT-V

1. The following is the Trading and Profit and loss account of XYZ Co. for the year Ending 31st March 2011 in which half year 1000 refrigerators manufactured and sold.

Trading and Profit & Loss Account

Particulars	Rs.	Particulars	Rs.
To Materials	80,000	By sales	4,00,000
To wages	1,20,000		
To Manufacturing expenses	50,000		
To Gross profit	1,50,000		
	4,00,000		4,00,000
To staff salaries	60,000	To Gross profit	1,50,000
To Selling Expenses	30,000		
To General Expenses	20,000		
To Rent & Taxes	10,000		
To Net profit	30,000		
	1,50,000		1,50,000

For the year ending 31st March 2012, it is estimated that:

1. The price of raw materials will increase by 20% on the previous year's level.
2. Rate of wages will rise by 5%

3. The output and sale will be 1,200 Refrigerators
4. Selling exp. per unit will remain constant.
5. Manufacturing OH will rise in proportion to combined cost of material and wages
6. Other expenses remain unaffected by the rise in output.

You are required to prepare an estimated cost sheet for the year 2012, showing the prices at which a refrigerator should be sold keeping a net profit of 10% on the selling price.

2. The following details have been obtained from the cost records of Raja Sekhar Ltd. Prepare a Cost sheet

	Rs.
Stock of raw materials on 1st Dec. 2010	75,000
Stock of raw materials on 31st Dec. 2010	91,500
Direct wages	52,500
Indirect wages	2,750
Sales	2,11,000
Work-in-progress 1st Dec.2010	28,000
Work-in-progress 31st Dec.2010	35,000
Purchases of raw materials	66,000
Factory rent, rates and power	15,000
Depreciation of plant and machinery	3,500
Expenses on purchases	1,500
Carriage outwards	2,500
Advertising	3,500
Office rent and taxes	2,500
Traveller's wages and commission	6,500
Stock of finished goods (1st Dec.2010)	54,000
Stock of finished goods (31st Dec.2010)	31,000

3. From the following particulars calculate the cost of Job No.505 and price for the job to give a profit of 25% on the selling price.

Material: Rs. 6820

Wage details:

Department X: 60 hrs @ Rs. 3 per hr

Y: 50 hrs @ Rs. 3 per hr

Z: 30 hrs @ Rs. 5 per hr

The variable Overheads are as follows:

Department X: Rs. 5000 for 5000 hrs

Y: Rs. 4000 for 2000 hrs

Z: Rs. 2000 for 500 hrs

The total fixed expenses amounted to Rs. 20,000 for 10,000 working hours.

Calculate the cost of Job No. 505 and price for the job to give a profit of 25% on selling price.

4. Following particulars relates to the manufacture of machines by ABC Co Ltd for the year ending 31st March 2011

Materials used - 2,50,000

Direct wages - 1,90,000

Factory OH - 38,000

Establishment charges - 35900

Prepare a cost sheet showing the cost of Production of the Machines.

What price the company should quote to manufacture a machine which, it is estimated will require an expenditure of Rs.12,000 in material and Rs. 10,000 in wages so that it will yield a profit of 20% on selling price.

5. Calculate the cost per Km of the vehicle for a transport company for the year 2011 from the data given below:

Particulars	Rs.
Cost of the vehicle	280,000.00
Driver's salary per month	4,000.00
Cleaner's salary per month	3,000.00
Road licensed per year	3,600.00
Insurance for one year	2,100.00
Garage rent per month	1,200.00
Maintenance and depreciation for tyres per km	0.80
Cost of diesel per litre	10 kms
Estimated life of the vehicle	3,00,000 kms
Kilometres run for the year	30,000 kms
Estimated scrap value of the vehicle	Rs. 70,000