



B.Com. (Semester – V) Examination, October 2012
Major – I : COST AND MANAGEMENT ACCOUNTING
Process Costing and Integral Accounting

Duration : 2 Hours

Total Marks : 80

- Instructions :** i) Question No. 1 is compulsory.
 ii) Answer **any three** questions from the remaining questions.
 iii) Figures to the **right** indicate **full** marks.

1. Product 'D' passes through three processes X, Y and Z before it is completed and transferred to finished stock. It is ascertained from past experience that normal loss is incurred in each process as under. Process X = 2%, Process Y = 5% and Process Z = 10%. 20

The percentage of loss in each case is computed on the basis of the number of units entering the process concerned. The loss of each process possesses a scrap value which from processes X and Y realizes Rs. 1 per unit and from process Z at Rs. 4 per unit. The company provides the following information for the month of August 2011.

2,000 units of crude materials were introduced in process X at a cost of Rs. 8 per unit. The other expenses were as follow :

Particulars	Process X	Process Y	Process Z
	Rs.	Rs.	Rs.
Materials consumed	8,000	3,000	2,000
Direct labour	12,000	11,400	6,000
Works expenses	3,240	1,000	2,803
	Units	Units	Units
Output	1,950	1,925	1,590
Stock on 1 st August, 2011	200	300	500
Stock on 31 st August, 2011	150	400	—
Stock valuation on			
1 st August, 2011 per unit	Rs. 19	Rs. 27	Rs. 36.50

Stock on 31st August, 2011 are to be valued at cost as shown by the respective process accounts.

Prepare process X, Y and Z accounts and process stocks X, Y and Z accounts.

P.T.O.



2. A factory can produce 60,000 units per annum at its optimum (100%) capacity. The estimated costs of production are as follow : **20**

Direct materials @ Rs. 3 per unit

Direct labour @ Rs. 2 per unit (subject to a minimum of Rs. 6,000 per month)

Overheads :

Fixed, Rs. 1,00,000 per annum

Variable @ Rs. 2 per unit

Semi-variable expenses are Rs. 40,000 per annum upto 50% capacity and an additional Rs. 10,000 for every 20% increase in capacity or part there of.

Each unit of raw material yields a scrap which is sold @ 20 paise per unit.

In 2011 the factory worked at 50% capacity for the first three months but it was expected that it would work at 80% capacity for the remaining nine months.

During the first three months the selling price per unit was Rs. 12. What should be the price for the remaining nine months to earn a total profit of Rs. 1,00,000 for the year ?

Prepare a cost sheet showing the total cost and cost per unit during the first three months and the remaining nine months of the year 2011.

3. A product passes through three processes A, B and C after which it is transferred to finished stock. The following information is supplied for the month of April 2012. **20**

Particulars	Process A	Process B	Process C	Finished stock
	Rs.	Rs.	Rs.	Rs.
Opening stock	1,000	1,200	800	3,000
Direct materials	2,000	2,100	3,000	-
Direct wages	1,500	1,500	1,600	-
Production overheads	1,400	600	4,000	-
Closing stock	500	600	400	1,500
Profit percentage on transfer				
price to next process	25%	20%	20%	-
Inter-process profits for				
opening stock	-	200	200	1,100



8 Stocks in processes are valued at prime cost and finished stock has been valued at the price at which it was received from process C. Sales during the period were valued at Rs. 40,000.

Prepare :

- i) Process accounts showing profit element at each stage, and
- ii) Finished stock account.

4. a) The following transactions are taken from the costing records and financial books of a factory, pass the Journal Entries in the cost Journal under the non-integrated system of accounting. 14

- i) Raw materials purchased on credit Rs. 25,000
- ii) Direct materials issued to production Rs. 18,000
- iii) Raw-materials returned to suppliers Rs. 1,400
- iv) Materials transferred from job no.12 to job no.14 Rs. 600
- v) Wages paid to direct labour Rs. 20,000
- vi) Wages paid to unproductive labour Rs. 2,500
- vii) Cost of completed jobs Rs. 28,000.

b) What is unit costing ? How cost of goods sold and cost of sales are calculated in the cost sheet ? 6

5. a) Journalise the following transactions assuming cost and financial accounts are integrated. 14

- i) Raw materials purchased on credit Rs. 40,000
- ii) Wages charged to production Rs. 8,000
- iii) Manufacturing expenses paid Rs. 6,000
- iv) Direct wages paid Rs. 20,000
- v) Receipts from debtors Rs. 16,000
- vi) Payment to creditors Rs. 12,000
- vii) Credit sales Rs. 17,000.



b) You are given the following information :

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Input 8,000 units ; output 7,500 units ; closing work-in-progress 500 units.
Stage of completion of W.I.P. is as follow :

Particulars	Degree of completion	Process costs Rs.
Materials	80%	43,450
Labour	75%	15,750
Overheads	60%	19,500

Prepare a statement of equivalent production and ascertain the element wise cost per unit of equivalent production.

6. a) List out the advantages of maintaining a cost ledger.

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b) What is non-integral accounting ? Explain any two ledgers maintained in cost department.

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c) What are the essential features of Integral Accounting ?

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d) Briefly explain integrated accounting system and list out its advantages.

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3. A product passes through the following stages :

(i) Cost of completed jobs Rs. 28,000
(ii) What is unit costing ? How cost of goods sold and cost of sales are calculated in the cost sheet ?

	Rs.	Rs.	Rs.	Rs.
Direct materials	2,000	2,000		
Direct wages			40,000	
Production overheads			8,000	
Closing stock				6,000
Profit percentage on transfer				20,000
		25%		16,000
				12,000
				17,000