

[Total No. of Questions : 6]

6

B.Com. (Semester - V) Examination, October - 2011
MAJOR - I : COST AND MANAGEMENT ACCOUNTING
Process Costing and Integral Accounting

Duration : 2 Hours

Total Marks : 80

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

Q1) Following particulars relate to the manufacture and sale of 1,000 units during the year 2010. [20]

	Rs.
Direct Material Cost	20,000
Direct Wages	12,000
Factory Overheads	8,000 (50% fixed and 50% variable)
Selling Overheads	1,000
Office Overheads	4,000 (50% fixed and 50% variable)

Profit-20% on selling price.

During the year 2011, it was estimated that :

- a) Production would be increased to 1,200 units.
- b) Material cost per unit would increase by 20%.
- c) Wages per unit would decrease by 10%.
- d) Selling Overheads per unit would decline by 20%

You are required to prepare :

- i) Cost Sheet for the year 2010 showing total and per unit cost and profit.
- ii) Cost Sheet for the year 2011 showing price at which the units should be marked so as to get the same rate of profit as earned during the year 2010.

P.T.O.

Q2) Amit manufacturing Pvt. Ltd. provides you the following data for the month of March 2011: [20]

Particulars	Process E	Process F	Process G
Units of Raw material introduced	6,000	1,220	1,300
Cost per unit of Raw Material (Rs.)	5	5	5
Labour (Rs.)	17,000	12,000	7,500
Other Expenses (Rs.)	8,080	8,100	4,800
Weight lost	4%	5%	3%
Scrap	6%	5%	4%
Sale value of scrap per unit (Rs.)	3	4	5
Output sold	30%	40%	100%
Output transferred to next process	70%	60%	
Sale price of output sold per unit (Rs.)	12	16	17

Prepare Process Accounts and Normal Loss Account.

Q3) A product passes through three processes I, II and III before it is transferred to Finished Stock. The following information is obtained for the year 2010. [20]

	Process I	Process II	Process III	FIN. STOCK
Opening Stock (Rs.)	40,000	48,000	32,000	1,20,000
Direct Material (Rs.)	90,000	90,000	1,00,000	-
Direct Wages (Rs.)	50,000	54,000	84,000	-
Overheads (Rs.)	56,000	24,000	1,60,000	-
Closing Stock (Rs.)	20,000	24,000	16,000	60,000
Profit on transfer price	25%	20%	20%	-
Inter process profit for opening stock (Rs.)	-	8,000	8,000	44,000
Sales (Rs.)				15,00,000

Stocks in the processes are valued at prime cost and finished stock has been valued at the price at which it is received from process III.

Prepare Process Accounts and Finished Stock Account showing the profit element at each stage.

Q4) a) Pass the Journal entries in the cost books (non-integrated accounting system) for the following transactions : [14]

i) Materials purchased	Rs.5,15,000
ii) Materials issued for production	3,87,000
iii) Materials used in repairs	10,000
iv) Direct labour	84,000
v) Indirect labour	15,000
vi) Carriage Inwards	6,050
vii) Cost of completed work	7,05,000

b) What is unit costing? Write any four industries in which this method is applicable. [6]

Q5) a) From the following information, pass the journal entries under the integral system of accounts : [14]

i) Raw Materials purchased on credit	3,05,700
ii) Raw Materials issued to production	1,24,000
iii) Direct Expenses	10,000
iv) Payment to creditors	60,000
v) Received from debtors	50,000
vi) Finished product at cost	2,68,000
vii) Credit Sales	5,00,000

b) From the following details prepare a Statement of Equivalent Production and ascertain the element wise cost per unit of Equivalent Production : [6]

Input - 10,000 units.

Output - 8,000 units.

Closing Work in Progress - 2,000 units.

Degree of completion of closing work in progress.

Material - 90%, Labour - 60% and Overheads - 50%.

Process cost - Materials Rs. 58,800, Labour Rs. 36,800 and Overheads Rs. 9,000.

Q6) a) Write a note on Costing Profit and Loss Account. [5]

b) What is a non-integrated accounting system? What are the advantages of cost ledger? [5]

c) Explain the basic principles considered while designing the system of an integral accounting system. [5]

d) Write a note on Selling and Distribution Overhead Account and Cost of sales Account. [5]

* * *