

QUESTION NO. 3

Khyber Manufacturing Company

Income Statement

For the month ended February 28, _____

	Rs.	Rs.
Sales		75,000
Less cost of goods sold (as per schedule)		56,000
Gross profit		19,000
Less operating expenses:		
Marketing expenses (Rs. 75,000 × 5%)	3,750	
General and administrative expenses (Rs. 75,000)	7,500	11,250
Net profit		7,750

Khyber Manufacturing Company

Schedule of cost manufactured and sold

For the month ended February 28, _____

	Rs.	Rs.
Direct materials		
Raw materials inventory Feb 1, _____	8,000	
Add purchases	38,600	
Raw materials available for use	46,000	
Less raw materials inventory Feb 28, _____	8,600	38,000
Direct labour		16,000
Factory overhead (Rs. 16,000 ÷ 160 %)		10,000
Total current manufacturing cost		64,000
Add work in process inventory Feb 1, _____		8,000
Cost of goods available for manufacturing		72,000
Less work in process inventory Feb 28, _____		12,000
Cost of goods manufactured		60,000
Add finished goods inventory Feb 1, _____		14,000

Cost Accounting B.Com Part 2 Solved Past Papers Punjab University

2010

Cost of goods manufactured for sale	74,000
Less finished goods inventory Feb 28, _____	18,000
Cost of goods sold	56,000

QUESTION NO 4

General Office Book

Date	Particulars	Debit (Rs)	Credit (Rs)
(i)	Factory ledger Voucher payable (Material purchased and directly issued to production)	3,300	3,300
(ii)	Payroll Accrued payroll (Payroll and accrued payroll recorded)	30,000	30,000
(iii)	Accrued payroll Voucher payable (Accrued payroll vouched)	30,000	30,000
(iv)	Voucher payable Cash (Payment to workers)	30,000	30,000
(v)	Factory ledger Selling expenses General office expenses Payroll (Distribution of payroll)	25,000 2,000 3,000	30,000
(vi)	Factory ledger Allowance for depreciation on machinery (Depreciation on machinery recorded)	12,000	12,000
(vii)	Cost of goods sold Factory ledger (Cost of goods sold recorded)	60,000	60,000
(viii)	Accounts receivable Sales (Goods sold on account)	100,000	100,000
(ix)	Sales return Accounts receivable (Credit sales return by customers)	1,000	1,000
(x)	Factory ledger Cost of goods sold (Cost of sales return recorded)	600	600
	TOTAL	296,900	296,900

Cost Accounting B.Com Part 2 Solved Past Papers 2010 Punjab University

Factory Office Book

Date	Particulars	Debit (Rs)	Credit (Rs)
(i)	W.I.P F.O.H Control General Ledger (Direct material & indirect materials purchased & directly issued to production)	2,800 500	3,300
(ii)	W.I.P F.O.H Control General Ledger (Direct & indirect payroll recorded & payroll sheet sent to head office)	20,000 5,000	25,000
(iii)	W.I.P F.O.H Applied cost (F.O.H cost applied to production @ 110% of direct labour cost)	22,000	22,000
(iv)	F.O.H Control General Ledger (Depreciation on machinery charged to F.O.H control A/c)	12,000	12,000
(v)	Finished goods W.I.P (Goods completed)	65,000	65,000
(vi)	General ledger Finished goods (Cost of goods sold recorded)	60,000	60,000
(vii)	Finished goods General ledger (Cost of sales return recorded)	600	600
	TOTAL	187,900	187,900

QUESTION NO. 5

Shahalam Manufacturing Co.

Department 2

Cost of Production Report

For the month ended April 30, 2009

Quantity Schedule:

Units from preceding department		5,000
Units transferred out	4,000	
Units still in process		
50% units, 40% complete		
20% units, 30% complete		
30% units, 20% complete	1,000	5,000

Cost charged to department:

	Total cost	Per unit cost
	Rs.	Rs.
Cost from preceding department	20,000	4.00
<u>Cost added by department</u>		
Materials	21,816	5.05
Labour	7,776	1.80
Applied overhead	4,104	0.95
Total cost	53,696	11.80

Cost accounted for as follows:

	Rs.	Rs.
Cost transferred out		
4,000 units × Rs. 11.80		47,200

Work in process ending inventory

Cost from preceding dept.		
1,000 units × Rs. 4.00	4,000	
Materials	1,000 units × 32% × Rs. 5.05	1,616
Labour	1,000 units × 32% × Rs. 1.80	576
Factory overhead	1,000 units × 32% × Rs. 0.95	304
Total cost accounted for		6,496
		53,696

Computations explained:

Average Degree Completion for W.I.P Ending Inventory:

$$0.5 \times 0.4 = 0.20$$

$$0.2 \times 0.3 = 0.06$$

$$0.3 \times 0.2 = 0.06$$

$$0.32 \quad \text{OR} \quad 0.32 \times 100 = \boxed{32\% \text{ Completed}}$$

Cost Accounting B.Com Part 2 Solved Past Papers 2010

Punjab University

Equivalent Production:

Units completed	4,000
Equivalent units in work in process ending inventory	
1,000 units × 32%	320
	4,320

Unit cost:

Materials = Rs. 21,816 ÷ 4,320 units = Rs. 5.05

Labour = Rs. 7,776 ÷ 4,320 units = Rs.1.80

Overhead = Rs. 4,104 ÷ 4,320 units = Rs.0.95

QUESTION NO 6

(a) COST OF REWORK IS CHARGED TO ENTIRE PRODUCTION OF THE PERIOD	(b) COST OF SPOILAGE IS CHARGED TO THE JOB
(i)	
W.I.P ---- materials 38,400	W.I.P ---- materials 38,400
W.I.P ---- labour 50,400	W.I.P ---- labour 50,400
W.I.P ---- F.O.H 26,400	W.I.P ---- F.O.H 26,400
Materials 38,400	Materials 38,400
Payroll 50,400	Payroll 50,400
F.O.H Applied 26,400	F.O.H Applied 26,400
(ii)	
Spoilage goods 4,800	Spoilage goods 4,800
F.O.H control a/c 4,800	W.I.P ---- materials 1,600
W.I.P ---- materials 3,200	W.I.P ---- labour 2,100
W.I.P ---- labour 4,200	W.I.P ---- F.O.H 1,100
W.I.P ---- F.O.H 2,200	
100 units × Rs. 32 materials = Rs. 3,200	<u>Rs. 4,800</u> × 32 = Rs. 1,600
100 units × Rs. 42 labour = Rs. 4,200	96 × 42 = Rs. 2,100
100 units × Rs. 22 F.O.H = <u>Rs. 2,200</u>	× 22 = Rs. 1,100
Total = 9,600	
Less 100 units × Rs. 48	
<u>4,800</u>	
(iii)	
Finished goods 105,600	Finished goods 110,400
W.I.P ---- materials 35,200	W.I.P ---- materials 36,800
W.I.P ---- labour 46,200	W.I.P ---- labour 48,300
W.I.P ---- F.O.H 24,200	W.I.P ---- F.O.H 25,300

Cost Accounting B.Com Part 2 Solved Past Papers 2010

Punjab University

Cost of goods sold 105,600 Finished goods 105,600 Accounts receivable 220,000 Sales 220,000	Cost of goods sold 110,400 Finished goods 110,400 Accounts receivable 220,000 Sales 220,000
QUESTION NO 7	

(1)

Under or Over-applied Factory Overhead	Rs.
Actual factory overhead	393,000
Applied factory overhead	
Capacity attained × Factory overhead applied rate	
5,000,000 Kw. Hours × Rs. 0.08	400,000
Over-applied	7,000

(2)

Spending Variance:	Rs.
Budgeted factory overhead for capacity attained	
Fixed Factory Overhead + Capacity attained × Variable rate	
Rs. 171,000 + 5,000,000 hours × Rs. 0.044	391,000
Actual factory overhead	393,000
Unfavorable	2,000

(3)

Idle Capacity Variance:	Rs.
Applied factory overhead	400,000
Budgeted factory overhead for capacity attained	391,000
Favorable	9,000

Supporting Calculations:

$$\begin{aligned}
 \text{Factory Overhead applied rate} &= \text{Estimated factory overhead} \div \text{Estimated Kw. Hours} \\
 &= (\text{Rs. } 171,000 + \text{Rs. } 209,000) \div 4,750,000 \text{ Kw. Hours} \\
 &= \text{Rs. } 0.08 \text{ per Kw. Hour}
 \end{aligned}$$

$$\begin{aligned}
 \text{Variable Rate} &= \text{Estimated variable factory overhead} \div \text{Estimated Kw. Hours} \\
 &= \text{Rs. } 209,000 \div 4,750,000 \text{ Kw. Hours} = \text{Rs. } 0.044 \text{ per Kw. Hour}
 \end{aligned}$$

QUESTION NO. 8

(i) Wages Earned Under Places Work with Guaranteed Hourly Wages

Names	Hours Worked	Pieces Produced	Hourly Rate	Piece Rate	Guaranteed Earnings	Piece Rate Earning	Wages Earned
		Units	Rs.	Rs.	Rs.	Rs.	Rs.
A	40	220	12.50	2.875	500.00	632.50	632.50
B	42	150	10.00	3.20	420.00	480.00	480.00
C	39	125	11.50	4.37	448.50	546.25	546.25

Supporting Calculations:

Piece rate = Hourly rate ÷ Standard Output per hour

$$A = \text{Rs. } 12.50 \div (100 \text{ pieces} \div 23 \text{ hours}) = \text{Rs. } 2.875$$

$$B = \text{Rs. } 10.00 \div (100 \text{ pieces} \div 32 \text{ hours}) = \text{Rs. } 3.20$$

$$C = \text{Rs. } 11.50 \div (100 \text{ pieces} \div 38 \text{ hours}) = \text{Rs. } 4.37$$

Guaranteed earnings = Hours worked × Hourly rate

Price rate earnings = Piece produced × Piece rate

(ii) Wages Earned under Hourly Rate:

Guaranteed earnings as calculated in (1) above:

$$A = \text{Rs. } 500.00$$

$$B = \text{Rs. } 420.00$$

$$C = \text{Rs. } 448.50$$

(iii) Wages Earned Under the Premium Plan:

Names	Hours Produced	Hours Worked	Hours Saved	Regular Earnings	Premium	Total Earning
			Rs.	Rs.	Rs.	Rs.
A	50.6	40	10.6	500.00	88.33	588.33
B	48.0	42	6.0	420.00	40.00	460.00
C	47.5	39	8.5	448.50	65.17	513.67

Supporting Calculations:

Hours produced = Standard time per unit ÷ Unit produced

$$A = \text{Rs. } (23 \text{ hours} \div 100 \text{ units}) \times 220 \text{ units} = 50.6 \text{ hours}$$

$$B = \text{Rs. } (32 \text{ hours} \div 100 \text{ units}) \times 150 \text{ units} = 48 \text{ hours}$$

$$C = \text{Rs. } (38 \text{ hours} \div 100 \text{ units}) \times 125 \text{ units} = 47.5 \text{ hours}$$

Regular earning = Hours worked \times Hourly rate

Premium = (Hours saved \times Hourly rate) $\times \frac{1}{2}$

www.paksights.com