

QUESTION NO 2

Asad & Co Limited

Income statement

For the year ended 2011

Items	Rs.	Rs.
Sales		75,000
Less: Cost of goods sold:		
Opening inventory at cost	22,500	
+ Purchases at cost	52,500	
Cost of goods sold	75,000	
- Closing inventory at cost	30,000	
		45,000
Gross profit		
Less: Operating expenses		
Selling expenses	16,000	
Administrative expenses	6,000	
		22,000
Net Income		8,000

Calculation of Purchases at Sales Price:

Items	Rs.
Opening inventory (at sales price)	37,500
+ Purchases (at sales price)	87,500
	125,000
- Closing inventory (at sales price)	50,000
Sales (at sales price)	75,000

Calculation of % age of cost to sales price:

$$\frac{\text{Purchases at cost price}}{\text{Purchases at sale price}} \times 100 = \frac{52,500}{87,500} \times 100 = 60\% \text{ of sales}$$

price

Opening inventory at cost = $37,500 \times 60\%$ = Rs. 22,500

Closing inventory at cost = $50,000 \times 60\%$ = Rs. 30,000

Cost Accounting B.Com Part 2 Solved Past Papers 2013

Punjab University

QUESTION NO 3

Date	Particulars	Debit (Rs)	Credit (Rs)
(a)	Material Voucher Payable (Direct and indirect material purchased)	100,000	100,000
(b)	Work in process Factory overheads Material (Direct and indirect material issued)	80,000 5,000	85,000
(c)	Voucher Payable Material (Material returned to supplier)	6,000	6,000
(d)	Material WIP FOH (Material return from factory)	3,000	2,000 1,000
(e)	Payroll Provident fund payable Accrued payroll (Payroll recorded)	120,000	12,000 108,000
(f)	Accrued payroll Voucher Payable (Preparation of voucher)	108,000	108,000
(g)	Voucher Payable Bank (Payment or voucher)	108,000	108,000
(h)	WIP FOH Marketing expenses Administrative expenses Payroll	60,000 10,000 30,000 20,000	120,000
(i)	FOH Marketing expenses Administrative expenses Provident fund payable (Contribution in provident fund by employer)	7,000 3,000 2,000	12,000
(j)	FOH Voucher payable Allowances for depreciation (Plant) Prepaid insurance (Actual FOH recorded)	34,000	28,000 4,000 2,000
(k)	WIP FOH Applied	30,000	30,000

Cost Accounting B.Com Part 2 Solved Past Papers 2013

Punjab University

(l)	(Applied FOH recorded)	150,000	150,000
	Finished goods WIP		
(m)	(On completion of goods)	130,000	130,000
	Cost of goods sold Finished goods		
(n)	(Goods sold recorded on cost price)	70,000 100,000	170,000
	Cash Accounts Receivables Sales (Goods sold recorded on sales price)		

(l) **If the loss is charged to the order:**

QUESTION NO 4

Date	Particulars	Debit (Rs)	Credit (Rs)
(a)	WIP – Material	350,000	
	WIP – Labor	250,000	
	WIP - FOH	200,000	
	Material		350,000
	Payroll		250,000
	FOH Applied		200,000
	(Initial cost recorded)		
(b)	Spoiled goods	4,000	
	(7/16 × 4,000) WIP - Material		1,750
	(5/16 × 4,000) WIP - Labour		1,250
	(4/16 × 4,000) WIP - FOH		1,000
	(Spoiled inventory recorded)		
(c)	Finished goods	796,000	
	WIP – Material (350,000 – 1,750)		348,250
	WIP – Labour (250,000 – 1,250)		248,750
	WIP – FOH (200,000 – 1,000)		199,000
	(On completion of goods)		
(d)	Cost of goods sold	796,000	
	Finished goods		796,000
	(Goods sold recorded on cost price)		
(e)	Cash	980,000	
	Sales		980,000
	(Goods sold recorded on sale price)		
(f)	Cash	4,000	
	Spoiled goods		4,000
	(Spoiled goods sold)		

(2) If the loss is charged to the order:

Date	Particulars	Debit (Rs)	Credit (Rs)
(a)	WIP – Material	350,000	
	WIP – Labor	250,000	
	WIP - FOH	200,000	
	Material		350,000
	Payroll		250,000
	FOH Applied		200,000
	(Initial cost recorded)		
(b)	Spoiled goods	4,000	
	FOH	12,000	
	(7/16 × 16,000) WIP - Material		7,000
	(5/16 × 16,000) WIP - Labour		5,000
	(4/16 × 16,000) WIP - FOH		4,000
(c)	(Spoiled inventory recorded)		
(d)	Finished goods	784,000	
	WIP – Material (350,000 – 7,000)		343,000
	WIP – Labour (250,000 – 5,000)		245,000
	WIP – FOH (200,000 – 4,000)		196,000
(e)	(On completion of goods)		
(f)	Cost of goods sold	784,000	
	Finished goods		784,000
(g)	(Goods sold recorded on cost price)		
(h)	Cash	980,000	
	Sales		980,000
(i)	(Goods sold recorded on sale price)		
(j)	Cash	4,000	
	Spoiled goods		4,000
	(Spoiled goods sold)		

QUESTION NO 5

Calculation of factory cost of the product.

	1	2
	Piece Work	Halsey
	Plan	Plan
	Rs.	Rs.
Direct Materials	400.00	400.00
Direct labour	67.50	56.25
Overheads (150% of direct labour)	101.25	84.37

Total factory cost 568.75 540.62

WORKING NOTES:

Calculation of direct labour cost under:

(w-1) Piece Work Plan:

The worker will get wages for 9 hours (i.e. the time allowed) irrespective of the time worked.

Direct labour cost. = Rs. 7.50 × 9 hours = Rs. 67.50

(w-2) Halsey plan:

Regular	6 hours × Rs. 7.50	Rs. 45.00
Premium	(3 hours × Rs. 7.50) × 50%	11.25
Total wages		Rs. 56.25

QUESTION NO 6

Normal capacity = $\frac{180,000}{12} = 15,000$ pounds per month

Fixed FOH cost = $\frac{36,000}{12} = \text{Rs. } 3,000$ per month

Variable FOH rate = $\frac{9,000}{15,000} = \text{Rs. } 0.60$ per pound

Applied FOH rate = Rs. 0.80 per pound

Actual FOH = Rs. 7,700

Actual capacity = 10,000 pounds

Required (1):

Applied FOH rate = $\frac{\text{Budgeted FOH at normal capacity}}{\text{Normal Capacity}}$

$$= \frac{36,000 + 108,000}{180,000} = \text{Rs. } 0.80 \text{ per pound}$$

Required (2):

Spending variance:

Items	Rs.
<ul style="list-style-type: none"> • Budgeted FOH at actual capacity 3,000 + (10,000 × 0.60) 	9,000
<ul style="list-style-type: none"> • Actual FOH 	7,700
Spending variance (Favorable)	1,300

Required (3):

Idle capacity variance:

Items	Rs.
<ul style="list-style-type: none"> • Applied FOH at actual capacity 10,000 × 0.80 	8,000
<ul style="list-style-type: none"> • Budgeted FOH at actual capacity 	9,700
Idle capacity variance (Unfavorable)	1,000

QUESTION NO 7

Mudasser Corporation
Department 2
Cost of production report
For the month of September

Quantity Schedule:

Items	Rs.	Rs.
Units received		5,200
Units completed and transferred	4,700	
Units in process (100% materials and 2/3 converted)	300	
Units lost (Unavoidable lost)	200	
		5,200

Cost charged to department:

Items	Rs.	Rs.
Cost from previous department	364,000	70
Cost added:		
Direct material	327,500	65.50
Direct labour	221,970	45.30
FOH	80,360	16.40
Adjusted cost from previous department	-	72.80
Total cost to be accounted for	993,830	200

Cost Accounting B.Com Part 2 Solved Past Papers 2013

Punjab University

Cost accounted for as follows:

Items	Rs.	Rs.
Units completed: 4,700 × 200		940,000
Units in process:		
Cost from previous dept (300 × 72.60)	21,840	
Cost added:		
(Units in process × Completion stage × Unit cost)		
Material = 300 × 100% × 65.50	19,650	
Labour = 300 × 2/3 × 45.30	9,060	
FOH = 300 × 2/3 × 16.40	3,280	
		53,800
Total cost accounted for		993,830

ADDITIONAL WORKING:

i. Equivalent production schedule (E.P.S)

$$= \text{Units completed} + (\text{Units in process} \times \text{Completion stage})$$

Material = 4,700 + (300 × 100%) = 5,000 units

Labour = 4,700 + (300 × 2/3) = 4,900 units

FOH = 4,700 + (300 × 2/3) = 4,900 units

ii. Unit cost:

$$= (\text{Total cost} + \text{EPS})$$

= 327,500 + 5,000 = Rs. 65.50 per unit

= 221,970 + 4,900 = Rs. 45.30 per unit

= 80,360 + 4,900 = Rs. 16.40 per unit

iii. Adjusted cost per unit from previous department:

$$= \frac{\text{Total cost from previous department}}{\text{Units received} - \text{Units lost}}$$

$$= \frac{\text{Rs. 3,640,000}}{5,200 - 200}$$

$$= \frac{364,000}{5,000}$$

= Rs. 72.80 per unit