

12. a) From the following particulars, Calculate (i) reorder level (ii) minimum level (iii) maximum level.
 Normal usage 100 units per day; Minimum usage 60 units per day;
 Maximum usage 130 units per day; EOQ 5000 units; Reorder period 25 to 30 days.

(or)

- 12.b) Find out economic order quantity (EOQ) from the following particulars:
 Annual usage 6,000 units
 Cost of Material per units Rs. 20
 Cost of placing and Receiving one order: Rs.60. Annual carrying cost of one unit: 10% of inventory value.

13. a) Calculate the overhead allocable to production departments A and B from the following:
 There are two service departments X and Y. X renders service to A and B in the ratio of 3:2 and Y renders service to A and B in the ratio of 9:1. Overhead as per primary overhead distribution is:
 A-Rs. 49,800; B- Rs. 29,600; X- Rs. 15,600; Y- Rs. 10,800.

(or)

- 13.b) Calculate direct material percentage rate for overhead absorption from the following:
 Factory overhead budgeted for 1999 = Rs. 3, 00,000
 Cost of direct material estimated to be consumed during 1999 = Rs. 5, 00,000.

14. a) The following was the expenditure on a contract for Rs. 12,00,000 commenced in January.

	Rs.
Material	2,40,000
Wages	3,28,000
Plant	40,000
Overheads	17,200

Cash received on account of the contract up to 31st December was Rs. 4,80,000 being 80% of the work certified. The value of materials in hand was Rs. 20,000. The plant hand undergone 20% depreciation. Prepare contract account.

(or)

- 14.b) Following information relates to the manufacturing of a component X-101 in a cost centre:
 Cost in materials 6 paise per component
 Operator's wages 72 Paise an hour
 Machine-hour rate Rs. 1.50
 Setting up time of the machine 2 hours and 20 minutes
 Manufacturing time 10 minutes per component
 Prepare a cost sheet showing both production and setting up costs total and per unit, when he batch consists of 100 components.

15. a) The cost of production of 40 units consisting of materials Rs. 1,500; Labour Rs. 1,300 and Overheads Rs. 164. The normal waste is 5% of input. Show the process Account.

(or)

- 15.b) The following expenditure is incurred for producing articles, called mini motors.
 Materials(200 Units) Rs. 4,000
 Labour Rs. 3,000
 Indirect Expenses Rs. 2,000
 Normal wastage on 5% of the input. One unit of wastage is sold at Rs.16.50 each.
 prepare process Account.

Part C

5x12=60

Answer the following

Answer should not exceed 800 words or four pages

16. a) Differentiate cost accounting with financial accounting.

(or)

- 16.b) The directors of a manufacturing company require a statement showing the production results of the business for the month of March. The accounts reveal the following information:

	Rs.
Stock on hand 1 st March:	
Raw materials	25,000
Finished goods	17,360
Stock on hand 31 st March:	
Raw materials	26,250
Finished goods	15,750
Purchase of Raw Materials	21,900
Work –in-progress 1 st March	8,220
Work –in-progress 31 st March	9,100
Sale of finished goods	72,310
Direct wages	17,150
Non-productive wages	830
Works Expenses	8,340
Office and administrative expenses	3,160
Selling and Distribution Expenses	4, 210

You are required to construct a statement so as to show:

- (a) The value of materials consumed,
- (b) The total cost of production,
- (c) The cost of goods sold,
- (d) The net profit for the month

17. a) Draw a stores ledger card recording the following transactions under (a) FIFO method .

1998 July 1 Opening stock 2,000 unit at Rs.10 each

5 Received 1,000 units at Rs.11 each

6 Issued 500 units.

10 Received 5,000 units at Rs. 12 each.

12 Received back 50 units out of the issue made on 6th July.

14 Issued 600 units.

18 Returned to supplier 100 units out of goods received on 5th July.

19 Received back 100 units out of the Issue made on 14th July.

20 Issued 150 units

25 Received 500 units at Rs.14 each.

28 Issued 300 units.

The stock verification report reveals that there was a shortage of 10 units on 18th July and another shortage of 15 units on 26th July.

(or)

17.b) Calculate the earnings of workers X and Y under (A) straight piece rate system and (B) Taylo's differential piece rate system from the following details:

Standard time per unit = 12 minutes

Standard rate per hour = Rs.60

Differentials to be used 80% and 120%

In a particular day of 8 hours, worker 'X' produced 30 units and worker 'Y' produced 50 units.

18. a) Kumaresh Ltd., has three production 'A', 'B' and 'C' and two service departments 'D' and 'E'. The following figures are extracted from the records of the company:

	Rs.
Rent and rates	5,000
Indirect wages	1,500
Depreciation of machinery	10,000
General lighting	600
Power	1,500
Sundries	10,000

Following further details are available:

	Total	A	B	C	D	E
Floor space in square feet	10,000	2000	2,500	3000	2,000	500
Light points	60	10	15	20	10	5
Direct wages	10,000	3,000	2,000	3,000	1,500	500
H.P of machines	150	60	30	50	10	-
Value of machinery(Rs.)	2,50,000	60,000	80,000	1,00,000	5,000	5,000

Apportion the cost to various departments on the most equitable basis by preparing a primary departmental distribution summary.

(or)

18.b) From the following figures prepare a reconciliation statement between cost and financial records:

	Rs.
Net profit as per financial records	1, 28,755
Net profit as per costing records	1, 72,400
Works overhead under-recovered in costing	3,120
Administrative overhead recovered in excess	1,700
Depreciation charged in financial records	11,200
Depreciation recovered in costing	12,500
Interest received but not included in costing	8,000
Obsolescence loss charged in financial records	5,700
Income tax provided in financial books	40,300
Bank interest credited in financial books	750
Stores adjustment (credit in financial books)	475
Depreciation of stock charged in financial books	6,750

19. a) The following information relates to building contract for Rs. 10,00,000 for which 80% of the value of work-in-progress as certified by the architect is being by the contractee.

	I year Rs.	II year Rs.	III year Rs.
Materials issued	1,20,000	1,45,000	84,000
Direct Wages	1,10,000	1,55,000	1,10,000
Direct expenses	5,000	17,000	6,000
Indirect Expenses	2,000	2,600	500
Work certified	2,35,000	7,50,000	1,10,00,000
Uncertified work	2,800	8,000	-
Plant issued	14,000	Nil	-
Materials at site	2,000	5,000	8,000

The value of the plant at the end of I, II, III year was Rs. 11,200 Rs 7,000 Rs. 3,000 respectively. Prepare contract account for these three years.

(or)

19.b) What are the merits and demerits of job costing?

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

	Process A Rs.	Process B Rs.	Process C Rs.
Wages and materials	30,400	12,000	29,250
Works overhead	5,600	5,250	6,000
Production in units	36,000	37,500	48,000
Stock(units from preceding process) 1st July	-	4,000	16,500
Stock (units from preceding process) 31st July	-	1,000	5,500

(or)

20.b) The Following are the details in respect of process X and process Y of processing factory;

	Process X Rs.	Process Y Rs.
Materials	10,000	-
Labour	10,000	14,000
Overheads	4,000	10,000

The output of process X is transferred to Process Y at a price calculated to give a profit of 20% on the transfer price and the output of process Y is charged to finished stock at a profit of 25% on the transfer price. The finished goods department realised Rs. 1,00,000 for the finished goods received from process Y. You are asked to show the process Accounts and total profit assuming there was no opening and no closing work-in-progress.