UNIVERSITY OF THE PUNJAB

Associate Degree in Commerce Part–II Annual Exam – 2022

Roll No. ....

Time: 3 Hrs. Marks: 100

Subject: Cost Accounting Paper: BC-406

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q.1: Following are the transactions of As-Salam Ceramic Factory for the month of September 2020:

(a) Purchases of materials.
(The purchases include indirect materials Rs.50,000) Rs.325,000

(b) Returns of defective materials to suppliers.
(The returns include indirect materials Rs.1,200) .... Rs. 3,000

(c) Issue of materials for job No,101, 102 and 103 .... Rs.240,000

(d) Issue of indirect materials .... Rs. 15,000

(e) Payment of wages and salaries for the month

Time Tickets on job No, 101, 102 and 103	Rs.200,000
Clock Cards and Time Tickets for all other indirect labour	Rs. 40,000
Sales salaries and commission	Rs. 60,000
Office and general administration payroll	Rs. 50,000
Total	Rs.350,000

Employees provident fund contribution: 7.5% of total wages, income tax withheld Rs.7,750.

(f) Employer contribution 7.5% as its contribution of provident fund.

(g) Return of excess materials from the factory to storeroom
(This return is applicable to job No. 102)........................Rs. 5,200

(h) Factory overhead is applied at the rate of 75% of direct labour cost.

(i) Factory overhead cost recorded in Voucher Register is Rs.50,000. Month end adjusting entries for depreciation of machinery Rs.18,000 and for insurance of factory Rs.12,000.

(j) Cost of finished output for the month Rs.540,000.

(k) Sales for the month Rs.725,000 (Rs.225,000 for cash), cost of the sales Rs.475,000.

Required: Pass journal entries in factory office books and general office books.

Q.2: Following are a few figures taken from records of Al-Haseeb Industrial work:

Inventories:	**Beginning**	**Ending**
Materials	Rs. 22,000	Rs. 20,000
Work in process	Rs. 10,100	Rs. 12,500
Finished goods	Rs. 23,400	Rs. 26,000
Materials purchased during the month		Rs.368,000
Factory overhead		80% of direct labour cost
Cost of goods sold for the month		Rs.725,000

Required:

(a) Prepare cost of goods manufactured and sold statement.

(b) Compute prime cost charged to work in process.

(c) Compute conversion cost charged to work in process.

Q.3: Following cost are charge during April to Department IV of Al-Majid Industrial Company Limited:

Cost from Department III	Rs.300,000
Materials added	Rs.220,000
Labour added	Rs.200,000

Factory overhead is applied at the rate of 80% of direct labour cost.

Department IV receives 25,000 units from Department III and transferred 22,200 unites to finished goods. 2,000 units were in process at the end of month. Stage of completion of in process units is estimated as 40% units 40% complete, 30% units 30% complete, 20% units 20% complete, balance of the units are 10% complete. Remaining units are lost during processing. The loss is considered as unavoidable.

Required: Prepare cost of production report of Department IV:

P.T.O.

Q.4: Mamoon Industries has prepared following consumption forecast of material 'M' for the second half of the year:

Month	Consumption
July	22,200 units
August	24,000 units
September	23,500 units
October	24,500 units
November	26,000 units
December	25,000 units

It normally takes 30 days to receive the consignment of material 'M' after the issue of a Purchase Requisition.

Required:

a) The order point for the second half of the year.
b) The minimum inventory for the second half of the year.
c) The maximum inventory for the second half of the year assuming the standard order quantity as 32,000 units.

Q.5: An operator engaged in machining certain components receives an ordinary day rate Rs.160 per day of 8 hours. The standard output for making the components has been fixed at 80 pieces per hour (time as fixed for premium bonus). On certain day output of the worker on this machine is 800 pieces.

Calculate: Wages earned by the workman and labour cost per 100 pieces under the following:

i. If paid for on straight piecework basis at the standard rate
ii. If Halsey Premium Bonus System is adopted
iii. If a bonus of Rs.23 is paid per 100 of the extra output.

Q.6: Budgeted figures as to factory overhead for the year 2021 are given below:

Fixed factory overhead	Rs.194,400
Variable factory overhead	Rs.334,800
Budgeted volume	54,000 units

Actual result for the first quarter of the year 2021 are as under:

Factory overhead cost	Rs.150,000
Actual volume	15,000 units

Required:

(a) Overall variance.
(b) Capacity variance.
(c) Expenditure variance.

Q.7: Following transaction relate to an item of materials coded as T-29 used by Zeeshan Handicrafts in its manufacturing operations:

Nov. 1	Balance b/d	200 units @ Rs.25
Nov. 5	Purchase	300 units @ Rs.27
Nov. 8	Issue	250 units
Nov.12	Purchase	400 units @ Rs.28
Nov.14	Return to supplier, purchased on Nov. 5	50 units
Nov. 20	Issue	250 units
Nov. 22	Return to storeroom (treat as the oldest issue)	20 units
Nov.31	Issue	250 units

Required: Prepare perpetual Inventory Cards and calculate cost of material used and in ending inventory under each of the following methods:

a) First in, First out,
b) Last in, First out,

Q.8: Define cost accounting. Differentiate between cost accounting and financial accounting?

UNIVERSITY OF THE PUNJAB

PART – II A/14
Examination:- B. Com.

Roll No. ....

Subject: Cost Accounting
PAPER: BC-406

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

Attempt any FIVE questions. All questions carry equal marks.

Q.1 From the following information prepare an income statement for the year ended December 31, 2013.

Beginning inventory (at sales price)	Rs. 65,000
Purchases during the year (at cost)	Rs. 450,000
Closing inventory (at sales price)	Rs. 75,000
Sales (at sales price)	Rs. 590,000

Selling expenses amounted to 3% of sales and general administrative expenses amounted to 2% of sales.

REQUIRED: An income statement for the year 2013.

Q.2 Khubaib manufacturing company uses process cost system. Costs of department 2 for the month of June were as under:

Cost from preceding department		Rs. 20,000
Cost added:		
Materials	Rs. 21,816	
Labour	Rs.7,776	
Factory overhead	Rs.4,104	Rs.33,696

The following information was obtained from the department's quantity schedule:

Units received	5,000
Units transferred out	4,000
Units still in process	1,000

The degree of completion of work in process was:
50% of the units were 40% complete,
20% of the units were 30% complete, and
Balance of the units were 20% complete.

REQUIRED: prepare cost of production report of department 2 for June.

Q.3 Gujranwala Enterprises received an order for manufacture of 500 units of their product "y" from Lahore company. Following costs were incurred for filling the order:

Direct Materials cost	Rs.25,000
Direct Labour cost	Rs.50,000

Factory overhead applied was 50% of direct labour cost.
Additional cost incurred for rework on 50 units found defective were as follow:

Direct Materials cost	Rs.2,000
Direct Labour cost	Rs.2,000

Factory overhead at applied rate.

REQUIRED: prepare journal entries to record completion of the order when:
(1) Job is charged with the cost of defective work.
(2) Cost is not so charged.
Also calculate cost per unit in both of the cases.

Q.4 A company has three production departments x, y & z, and two service departments A & B. the expenses incurred by them during the month are:
X Rs. 80,000, y Rs. 70,000, z Rs. 50,000, A Rs. 23,400, B Rs. 30,000.
Expenses of service departments are apportioned to the production and to the co-service department on the following basis:

	X	Y	Z	A	B
Expenses of A	20%	40%	30%	-	10%
Expenses of B	40%	20%	20%	20%	-

REQUIRED: Apportion expenses of A&B departments to x, y & z departments with the help of simultaneous equations method and calculate told factory overhead cost of the production departments.

(P.T.O.)

Q.5 Following figures are taken from annual budget of ABC manufacturers for the year 2013:

Fixed factory overhead	Rs. 4,000,000
Factory overhead absorption rate	Rs. 70 per direct labour hour
Variable factory overhead rate	Rs. 30 per direct labour hour

Following are a few figures of actual results of year 2013:

Capacity attained	110,000 hours
Factory overhead	Rs. 8,000,000

REQUIRED: (a) Budgeted capacity that was used to compute factory overhead absorption rate.
(b) Analysis of under or over absorbed factory overhead into volume and budget Variences.

Q.6 Abdullah and Ahmad are two workers in assembling department of a manufacturing concern. During each day of previous week their hours worked are as under:

Days	**Hours worked**	
	Abdullah	**Ahmad**
Monday	10	9
Tuesday	11	10
Wednesday	9	9
Thursday	8	10
Friday	9	8
Saturday	8	4

REQUIRED: Normal and overtime wages of Abdullah and Ahmad for the week if:
(a) Normal working hours are 8.
(b) Normal rate is Rs. 80 per hour.
(c) Workers are paid at double the normal rate for overtime.

Q.7 Following transactions are related to Marium manufacturing company, Lahore. Factory is situated at Gugrat. Total payroll cost for the month Rs.800,000, employees' income tax withheld Rs.40,000, deduction for the provident fund at the rate of 10% of gross payroll, voucher for net earnings of employees was prepared and paid. Payroll analysis sheet revealed the following information:

Direct Labour	Rs. 450,000
Indirect Labour	Rs.100,000
Sales Salaries	Rs. 150,000
Office Salaries	Rs.100,000

Note: Employees. Provident fund contribution by the employer is at the same rate as the rate of deduction, rate of social security fund contribution by employer is 5% of gross pay.

REQUIRED: Prepare journal entries to record the above transactions in general office books and factory office books.

Q.8 **Explain the following:**
(a) Process cost Method.
(b) Perpetual inventory system.
(c) First in first out method.
(d) Expenditure Varience.

UNIVERSITY OF THE PUNJAB

PART – II S/2014
Examination:- B. Com.

Roll No. ....

Subject: Cost Accounting
PAPER: BC-406

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Question No.1

Records of Sangam Cold refrigerator company show the following information for the three months ended March 31, 2014.

Materials purchased			Rs.	1,946,700
Inventories, January1, 2014				
Finished goods (100 refrigerators)	Rs.	43,000		
Materials	Rs.	268,000		
Direct labour			Rs.	2,125,800
Factory overhead			Rs.	764,000
Marketing expenses			Rs.	516,000
General and administrative expenses			Rs.	461,000
Sales (12,400 refrigerators)			Rs.	6,634,000
Inventories, March 31, 2014				
No unfinished work on hand				
Finished goods (200 refrigerators), costed at Rs.395 each				
Materials	Rs.	167,000		

Required:

1. An income statement for the period.
2. The number of units manufactured.
3. The unit cost of refrigerators manufactured.
4. The gross profit per unit sold.
5. The income per unit sold.
6. The ratio of gross profit to sales.
7. The income to sales percentage.

Question No.2

During the month of March the following costs were incurred in department No. 2 of Mian Paints Industry:

Materials cost	Rs.9,000
Labor cost	Rs.4,250
Factory overhead cost	Rs.5,100

During the month 20,000 units with a total cost of Rs.38,000 were transferred into department from Department No. 1. Of these 15,000 units were completed and transferred to department No. 3 and 4,000 units were in process on 31st March being ¾ complete as to materials, ½ complete as to labor and factory overhead.

Required: A cost of production report of department 2 for the month of March.

Question No.3

Predetermined factory overhead absorption rate computed by Ahsan Industries is Rs.6 per machine hour. Budgeted factory overhead for activity level of 150,000 machine hours is Rs.800,000 and for activity level of 100,000 machine hours it is Rs.700,000. Actual factory overhead incurred during the year is Rs. 710,000 at an actual volume of 120,000 machine hours.

Required:
(i) Variable factory overhead absorption rate.
(ii) Budgeted fixed factory overhead.
(iii) Budgeted activity level on which the absorption rate is based.
(iv) Over or under absorbed factory overhead.
(v) Volume variance.
(vi) Spending variance.

(P.T.O.)

Question No.4

Following estimates relate to material "Alpha"

Requirement for six months	6000 units
Cost to place an order	Rs.10
Unit cost	Rs.4.80
Carrying cost	5%

Required:

1. Calculate economic order quantity.
2. Currently the company is purchasing this material in lots of 4,000 units. How much can the company save by buying in the most economical quantities.

Question No.5

a- A company had following inventories at the beginning and end of the month:

	September 1	September 30
Materials	Rs.20,000	Rs.25,000
Work in process --- materials	Rs. 9,000	Rs. 4,000
Work in process --- labour	Rs.16,000	Rs.10,000
Work in process --- FOH	Rs. 5,000	Rs. 6,000
Finished goods	Rs.12,000	Rs.25,000

During the month of September the cost of raw materials purchased was Rs.60,000; direct labour cost incurred was Rs.80,000 and factory overhead applied to production was Rs.30,000.

Required: Prepare the necessary journal entries on September 30 to transfer the cost of goods manufactured and sold to proper summary accounts.

b- Pass journal entries for sales return with your own figures.

Question No.6

Four direct workers are engaged in an operation for which standard production time per piece is determined as 48 seconds. Standard hourly rate of the workers is Rs.33.75. During a 40 hours week output of the four workers is as follow:

A = 2,800 pieces B = 2,900 pieces

C = 3,000 pieces D = 3,200 pieces

Wages of the workers are computed under straight piece rate but time rate earnings are guaranteed to the workers.

Required:

1. Compute wages earned by each worker.
2. Compute distribution of wages between work in process and factory overheads.

Question No.7

Define cost accounting and differentiate between cost accounting and financial accounting.

Question No.8

What are the various methods of stock valuation. State advantages and disadvantages of each method.

UNIVERSITY OF THE PUNJAB

PART – II A/2015
Examination:- B. Com.

Roll No. ....

Subject: Cost Accounting **TIME ALLOWED: 3 hrs.**
PAPER: BC-406 **MAX. MARKS: 100**

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q.1 Records of Badar Cold refrigerator company show the following information for the three months ended March 31, 2014.

Materials purchased	Rs.	1,946,700
Inventories, January1, 2014		
Finished goods (100 refrigerators)	Rs.	43,000
Materials	Rs.	268,000
Direct labour	Rs.	2,125,800
Factory overhead	Rs.	764,000
Marketing expenses	Rs.	516,000
General and administrative expenses	Rs.	461,000
Sales (12,400 refrigerators)	Rs.	6,634,000
Inventories, March 31, 2014		
No unfinished work on hand		
Finished goods (200 refrigerators), costed at Rs.395 each		
Materials	Rs.	167,000

Required:

1. An income statement for the period.
2. The number of units manufactured.
3. The unit cost of refrigerators manufactured.
4. The gross profit per unit sold.
5. The income per unit sold.
6. The ratio of gross profit to sales.
7. The income to sales percentage.

Q.2 Following costs were charged toFinishing department of Asia Manufacturing Company during the month of May:

Cost from preceding department	Rs.94,500
Labor	Rs. 38,468
Factory overhead cost	Rs. 9,617

During May Finishing Department received 18,000 units from preceding department. 13,000 units were transferred to finished goods storeroom. 2,500 completed units were in Finishing Department awaiting transfer. At the end of May 2,000 units were in process in Finishing Department. These units were 40% converted.

Required: A cost of production report for Department No. 2 for the month of May.

Q.3 Predetermined factory overhead absorption rate computed by Fazal Industries is Rs.6 per machine hour. Budgeted factory overhead for activity level of 150,000 machine hours is Rs.800,000 and for activity level of 100,000 machine hours it is Rs.700,000. Actual factory overhead incurred during the year is Rs. 710,000 at an actual volume of 120,000 machine hours.

Required:

(i) Variable factory overhead absorption rate.
(ii) Budgeted fixed factory overhead.
(iii) Budgeted activity level on which the absorption rate is based.
(iv) Over or under absorbed factory overhead.
(v) Volume variance.
(vi) Spending variance.

(P.T.O.)

Q.4 Consumption forecast of a particular material is given hereunder:

Maximum daily consumption	600 units
Average daily consumption	500 units
Minimum daily consumption	400 units
Lead time	4 to 8 days
Time to get emergency supplies	3 days
Economic order quantity	5,000 units

Required: Determine (a) Order level, (b) Minimum level, (c) Maximum level, (d) Danger level.

Q.5 A company had following inventories at the beginning and end of the month:

	September 1	September 30
Materials	Rs.20,000	Rs.25,000
Work in process --- materials	Rs. 9,000	Rs. 4,000
Work in process --- labour	Rs.16,000	Rs.10,000
Work in process --- FOH	Rs. 5,000	Rs. 6,000
Finished goods	Rs.12,000	Rs.25,000

During the month of September the cost of raw materials purchased was Rs.60,000; direct labour cost incurred was Rs.80,000 and factory overhead applied to production was Rs.30,000.

Required: **a.** Prepare the necessary journal entries on September 30 to transfer the cost of goods manufactured and sold to proper summary accounts.
b. Pass journal entries for sales return with your own figures.

Q.6 Abdullah and Ahmed are two workers in a department of a manufacturing concern. During each day of the previous week they worked as follow:

Days	Hours Worked	
	Abdullah	Ahmed
Monday	10	9
Tuesday	11	10
Wednesday	9	9
Thursday	8	10
Friday	9	8
Saturday	8	4

Required: Normal and overtime wages of Abdullah and Ahmed for the week if:
(a) Normal working hours are 8.
(b) Normal rate is Rs.80 per hour.
(c) Workers are paid at double the normal rate for overtime.

Q.7 Define cost accounting and differentiate between cost accounting and financial accounting.

Q.8 Explain in detail the functional classification of cost.

UNIVERSITY OF THE PUNJAB

PART – II S/2015
Examination:- B. Com.

Roll No. ....

Subject: Cost Accounting
PAPER: BC-406

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q.1 During the month of July Shahab Corporation put into process Rs.75,000 of raw materials. The Mixing Department used 10,000 labour hours at a cost of Rs.50,000 and Finishing Department used 4,000 labour hours at a cost of Rs.10.00 per hour. Factory overhead is applied at a rate of R.3.00 per labour hour in the Mixing Department and Rs.6.00 per labor hour in the Finishing Department.

Inventories:	July 1	July 31
Materials	Rs. 24,000	Rs. 27,000
Materials in process	Rs. 9,000	Rs. 10,000
Labour in process	Rs. 12,000	Rs. 8,000
Factory overhead in process	Rs. 8,000	Rs. 6,000
Finished goods	Rs. 16,000	Rs. 20,000

Iqracorporation produced 40,000 units of product during the month.

Required: A schedule showing cost of work put in process, cost of goods manufactured and cost of goods sold. Also find out unit cost of materials, labour and overhead for the July production.

Q.2 Following costs were charged toFinishing department of Asia Manufacturing Company during the month of May:

Cost from preceding department	Rs.94,500
Labor	Rs. 38,468
Factory overhead cost	Rs. 9,617

During May Finishing Department received 18,000 units from preceding department. 13,000 units were transferred to finished goods storeroom. 2,500 completed units were in Finishing Department awaiting transfer. At the end of May 2,000 units were in process in Finishing Department. These units were 40% converted.

Required: A cost of production report for Department No. 2 for the month of May.

Q.3 A Company estimated its factory overhead for the next period at Rs.200,000. It is estimated that 40,000 units will be produced at a materials cost of Rs.200,000. Production will require 40,000 man hours at an estimated wage cost of Rs.500,000. The machines will run about 25,000 hours.

Required:
1. Factory overhead rate that may be used in applying factory overhead to production on each of the following basis: (i) direct materials cost, (ii) direct labor hours, (iii) direct labor cost and (iv) machine hours. (v) prime cost
2. Total cost of Job No.616 consisting of 100 units by each rate in (1) above. (Job N0.616: direct materials Rs. 16,000; direct labor Rs. 38,000; direct labor hours 3,000; and machine hours 1,975.

P.T.O.

Q.4 Consumption forecast of a particular material is given hereunder:

Maximum daily consumption	600 units
Average daily consumption	500 units
Minimum daily consumption	400 units
Lead time	4 to 8 days
Time to get emergency supplies	3 days
Economic order quantity	5,000 units

Required: Determine (a) Order level, (b) Minimum level, (c) Maximum level, (d) Danger level.

Q.5 a: Following transactions are related to Fazal Manufacturing Company, Lahore. Factory is situated at Gujrat. Total payroll cost for the month Rs.800,000, employees' income tax withheld Rs.40,000, deduction for provident fund at the rate of 10% of gross payroll, voucher for net earnings of employees was prepared and paid. Payroll Analysis Sheet revealed the following information:

Direct labor	Rs. 450,000
Indirect labor	Rs. 100,000
Sales salaries	Rs. 150,000
Office salaries	Rs. 100,000

Note: Employees' Provident Fund Contribution (EPFC) by the employer is at the same rate as the rate of deduction, rate of Social Security Fund Contribution (SSFC) by employer is 5% of gross pay.

Required: Prepare journal entries to record the above transactions in general office books and factory office books.

a: Which accounts are generally maintained in the factory books?

Q.6 Abdullah and Ahmed are two workers in a department of a manufacturing concern. During each day of the previous week they worked as follow:

Days	Hours Worked	
	Abdullah	Ahmed
Monday	10	9
Tuesday	11	10
Wednesday	9	9
Thursday	8	10
Friday	9	8
Saturday	8	4

Required: Normal and overtime wages of Abdullah and Ahmed for the week if:

(a) Normal working hours are 8.
(b) Normal rate is Rs.80 per hour.
(c) Workers are paid at double the normal rate for overtime.

Q.7 What is process costing? Under what circumstances process costing is applied? Differentiate between process costing and job order costing.

Q.8 Explain in detail the functional classification of cost.

UNIVERSITY OF THE PUNJAB

PART – II A/2016
Examination:- B. Com.

Roll No. ....

Subject: Cost Accounting — **TIME ALLOWED: 3 hrs.**
PAPER: BC-406 — **MAX. MARKS: 100**

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q. 1: The records of **Bel Cold Refrigerator Company** show the following information for the three months ended **March 31, 2015**.

Materials purchased	Rs. 1,946,700
Inventories, January 1, 2015:	
Finished goods (100 refrigerator)	43,000
Materials	268,000
Direct labour	2,125,800
Factory overhead	7,64,000
Marketing expenses	5,16,000
General and Administrative. Expenses	4,61,000
Sales (12,400 refrigerators)	66,34,000
Inventories, March 31, 2015:	
No unfinished work on hand	xxxxxx
Finished goods (200 refrigerators), cost at Rs. 395 each	
Materials	167,000

REQUIRED: 1. *An income statement for the period.*
2. *The number of units manufactured.*
3. *The unit cost of refrigerator manufactured.*
4. *The gross profit per unit sold.*
5. *The income per unit sold.*
6. *The ratio of gross profit to sale.*
7. *The income to sales percentage.*

Q.2 On May 31, 2009 a fire broke out in factory premises of Al-Musawwer Manufacturing company Limited. Consequently the processing building and the in process inventory were completely destroyed but the storeroom could be saved.
After the fire a physical inventory was taken. Raw materials were valued at Rs.30,000, finished goods at Rs.50,000 and supplies at Rs.5,000.
Inventories on January 1, 2009 consisted of:

Raw Materials	Rs.20,000
Work in process	40,000
Finished goods	60,000
Supplies	2,000

The financial statements reveal following figures of sales and gross profit for the last five years:

	Sales	Gross Profit
200A	Rs.650,000	Rs.220,000
200B	Rs.700,000	Rs.230,000
200C	Rs.750,000	Rs.250,000
200D	Rs.800,000	Rs.270,000
200E	Rs.850,000	Rs.280,000

Sales for the first five months of 200F were Rs.450,000. Raw materials purchases were Rs.175,000. Freight on purchases was Rs.7,000. Direct labor for the five months was Rs.80,000. For the past five years factory overhead was at 60% of direct labor.
Required: Compute the value of work in process inventory lost by fire.

Q.3 Factory overhead absorption rate of Ali Manufacturing Company is Rs.3 per hour.
Budgeted overhead for 10,000 hours per month is Rs. 30,000 and for 16,000 hours per month is Rs.42,000. Actual factory overhead for the month is Rs.44,000 and actual volume is 15,000 hours.

Required: (1) Variable factory overhead rate.
(2) Budgeted fixed factory overhead.
(3) The capacity hours at which factory overhead applied rate is computed.
(4) Applied factory overhead.
(5) Under or overapplied factory overhead.
(6) Budget variance.
(7) capacity variance.

P.T.O.

Q. 4: The book and record of the **Salman** Manufacturing Co. present the following data for the month of February:

Direct Labour cost Rs. 16,000 (160% of F.O.H)

Cost of goods sold Rs. 56,000

Inventory accounts showed these opening and closing balances:

	February 01st	February 28th
Materials	Rs. 8,000	Rs. 8,600
Work in process	8,000	12,000
Finished goods	14,000	18,000

Marketing expenditure 5%of sales.General expenses and Admin. Expenses 10 % of sales, salesRs. 75,000.

REQUIRED: *An Income statement with supporting schedule showing cost of goods manufactured and sold statement.*

Q. 5 The standard time for the completion of a certain job is fixed at 200 hours. Normal wages are paid to the workers according to time rate which is Rs. 25 per hour. If the job is completed in lesser time a bonus is paid to the worker calculated on the following lines:

Upto first 20% saving in time

10% of the corresponding saving in time.

For and within next 20% saving in time

25% of the corresponding saving in time.

For and within next 30% saving in time

50% of the corresponding saving in time.

For and within next 30% saving in time

30% of the corresponding saving in time.

Required: Compute the total earning and earning per hour of the following workers:

Workers	TimeTaken (Hours)
Arshad	210
Amjad	160
Nazar	120
Naheed	50

Q. 6 During the year 2012 Shammusdeen & Co. Ltd. Produced 750,000 units. At this activity level factory overhead cost were Rs.1,100,000.

Before the start of 2012 accountant of the company estimated annual activity level as 850,000 units and factory overhead as Rs.1,275,000. Thus factory overhead applied rate was Rs.1.50 per unit 60% of factory overhead applied rate is composed of variable cost.

Required: (1) Budgeted fixed factory overhead.
(2) Under or overapplied factory overhead.
(3) Volume variance.
(4) Budget variance.

Q.7 An operator engaged in machining certain components receives an ordinary day rate of Rs. 160 / day of 8 hours, the standard output for machining the components has been fixed at 80 pieces per hour (time as fixed for premium bonus). On a certain day the output of the worker on this machine is 800 pieces. Find labour cost per 100 pieces and the wages that would have been actually earned by the workman under the following :

a)- If paid for on straight piecework basis at the standard rate.

b)- If Halsey premium bonus system is being adopted.

c)- If a bonus of Rs. 23 is paid per 100 units of the extra output.

Q.8 Explain the difference between periodic inventory system and perpetual inventory system. Which of these two systems is better?

UNIVERSITY OF THE PUNJAB

PART – II S/2016
Examination:- B. Com.

Roll No. ....

Subject: Cost Accounting | **TIME ALLOWED: 3 hrs.**
PAPER: BC-406 | **MAX. MARKS: 100**

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q # 1 The following data was taken from the book of the Sitara Manufacturing Company for the year ended 31st December 2001

	Units	Cost (Rs.)
Sales during the year	2400	?
OPENING INVENTORY		
Work in process	---	---
Finished Goods	540	4374
CLOSING INVENTORY		
Work in Process	30	?
Finished Goods	600	?
MANUFACTURING COST		
Direct Material		9000
Direct Labour		6000
Factory Overhead		4800

The foreman has submitted the following cost estimate for the closing work in process inventory.

Direct Material Cost	Rs. 810
Direct labour Cost	Rs. 300
Factory Overhead	?

The company past experience shows that Factory overhead cost tends to fluctuate closely in proportion to Direct labour Cost.

Required

1) Calculate number of units manufactured during the year
2) Calculate the value of closing work in process inventory
3) Prepare Manufacturing Statement
4) Calculate per unit cost
5) Calculate cost of sale and value of finished goods according to FIFO method.

Q # 2 The sale price of home appliances is Rs.280. The Company is realizing a gross profit of 25% of Cost of goods sold. The Cost of Goods Sold comprises of 40% Material and Factory Overhead 15%. The company sold 2000 of these appliances last year.
During the coming year, it is expected that material and labour cost will each increase by 25% and Factory Overhead will increase by 12 ½ %. To meet these rising costs a new selling price of Rs.325 has been tentatively set.

Required
Compute the number of units that must be sold to realizing the same total gross profit in the coming year as was realized last year.

Q # 3 A Company uses process costing in its two departments. In Department '2' Material are added at the beginning of the process.
During September 5000 units were received from Department '1' at a cost of Rs.50000. Cost incurred by Departments '2' during September were:

Material Cost	Rs.32000
Conversion cost	Rs.36000

4500 units were completed and transferred to finished goods inventory. The 500 units still in process were 3/5 complete as to Conversion cost.
Required
Prepare a Cost of Production Report of Department '2'.

P.T.O.

Q # 4 The Zaria Co. produces many varieties of screws. One order, which was for Arslan Manufacturing Company. The cost upon completion of this order were:

Material Cost	Rs.1000
Labour Cost	Rs.700
Manufacturing Cost	Rs.300
	Rs.2000

Inspection however, reveals that a certain part of the work is defective. The defective was remedied at the following cost:

Material Cost	Rs.400
Labour Cost	Rs.200
Manufacturing Cost	Rs.100
	Rs.700

REQUIRED: Prepare journal entries to record the completion of order.

1. When the job is charged with the cost of defective work
2. When the job is not charged with the cost of defective work.

Q # 5 The Murtaza Manufacturing Company has its journal Office in Lahore but its Factory at Sheikhupura. That's why General Office and Factory Office prepare accounts separately.

1) Purchased Material amounting to Rs.15000 on term 2 / 10; n / 30.
2) Analysis of the payroll made by the General Office shows:

Direct Labour	Rs.6000
Indirect Labour	Rs.2000
Salesman Salaries	Rs.1500
Administrative Office Salaries	Rs.500
	Rs.10000

The General Office deducts 10% for staff provident fund, 5% for Income Tax and 5% for Social Security Fund. The employer also contributes towards Provident Fund and Social Security Fund in equal proportion.

3) Requisition received and material issued as follows:

Direct Material	Rs.9000
Indirect Material	Rs.2000
Shipping (Selling) Supplies	Rs.500
Adm. Office Supplies	Rs.300

4) Material purchased and directly issued to factory Rs.500.
5) Various Factory Overheads totaled Rs.3500 including Rs.500 for depreciation on the factory machinery.
6) Factory Overhead Applied @ 100% of Direct Labour Cost.
7) Goods completed totaled Rs.18000 consists of material Rs.8400; labour Rs.4800 and Overheads Rs.4800
8) Goods costing Rs.15000 were sold for Rs.17500
9) Goods returned by customer amounting to Rs.700 whose cost was Rs.600

Required: Prepare Factory' Book and Main Office Book.

Q # 6 Calculate the normal and overtime wages payable to a workman from the following data:

DAY	HOURS WORKED
Monday	8
Tuesday	10
Wednesday	9
Thursday	11
Friday	9
Saturday (Half Day)	4

Normal working hours was 8 per day. Normal rate was Rs.10 per hour. Overtime rate were as follows:

Upto 9 hours in a day at single rate and over 9 hour in a day at double rate OR upto 48 hours at single rate and above it at double rate which is more beneficial to the workman.

Q # 7 The estimated capacity of the company is 200000 units. At this level of capacity the fixed overhead is Rs.400000 and variable at Rs.350000. During the year the company produced 220000 units and the actual factory overhead cost incurred totaled Rs.790000.

REQUIRED:

1. Applied Factory Overhead
2. Budgeted for Capacity Attained
3. Under or Over Applied Factory Overhead
4. Budget and Volume Variance

Q # 8 Differentiate between Cost Accounting and Financial Accounting in detail?

UNIVERSITY OF THE PUNJAB

PART – II A/2017
Examination:- B. Com.

Roll No. ....

Subject: Cost Accounting
PAPER: BC-406

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q.1 A company manufactures computer bags. The following information was taken from the record of the company for the year ended December 31, 2010.

Material inventory was decreased by Rs 20000 and the remaining inventories were as follows

Inventory		Beginning	Ending	
Material in process		Rs 10000	Rs 15000	
Labour in process		4000	8000	
FOH in process		3000	6000	
Finished goods	(200 units)	116000	(100 units)	?

Purchases during the year were Rs 410000 whereas purchases returns were Rs 10000. FOH were 60% of direct labour cost. Cost of material used was 70% of manufacturing cost The number of finished units sold during the year was 1100.

At the end of the year, it was ascertained that actual FOH were Rs 90000

Required:

1- Prepare cost of goods manufactured and sold statement.
2- Calculate per unit cost for the current year.
3- Find out per unit cost of the last year.

Q 2 Saqib Manufacturing Company produces a single product and uses process costing. The cost incurred by the Blending Department during the month of May 2010 was as follows;

Direct Material Cost	Rs 70000
Direct Labour Cost	Rs 48000
Factory Overheads	Rs 33000

The quantity schedule provided the following information;

Units received from previous department	15000 @ Rs 10.5 each
Units completed and transferred	8000
Units completed but in hand	2000
Units in process	4000
Units lost during the process	1000

Units in process were 50% complete as to labour and 25% as to FOH. All materials were put in process at the beginning of the process.

Required:

Prepare a cost of production report for the Blending Department for the month of May, 2010.

Q.3 The following budgeted figures are available for the coming period.

Factory overheads	Rs. 100,000
Direct material cost	Rs. 200,000
Direct labour cost	Rs. 100,000
Direct labour hours	20000
Machine hours	10000
Units of output	5000

Required:

a) Calculate FOH applied rate based on direct material cost, direct labour cost, direct labour hours, machine hours, units of output and prime cost.

b) During the period, an order for 500 units was received. The following further information is available for this order.

Direct material cost	Rs. 20,000
Direct labour cost	Rs. 7,000
Direct labour hours	2000

Calculate the cost of this order using FOH rate based on direct labour cost, direct labour hours and prime cost.

P.T.O.

Q.4 Zaman Manufacturing Company produces a product. F.O.H. variance analysis is carried out monthly. The cost accountant wants to calculate the variances for the month of March where 12,000 units were produced and the actual of F.O.H. were Rs. 190,000.

The following further information is available.

During the month of January 10,000 units were produced incurring Rs. 160,000 of actual F.O.H. There was a spending variance of Rs. 10,000 Dr. with no capacity variance.

During February, the actual output was 15,000 units and actual F.O.H. were Rs. 185,000. Spending variance of Rs. 15,000 Cr. and capacity variance of Rs25,000 Cr. were recorded during the month.

Required:

1. Overall variance of March
2. Spending variance for March
3. Capacity variance for March
4. Verify your overall variance for March
5. Verify capacity variance for February
6. Define Normal Capacity
7.

Q.5 **(A)** The payroll sheet of a company shows the following information:

Direct labour cost	Rs. 500,000
Indirect labour cost	Rs. 200,000
Sale salaries	Rs. 400,000
Office salaries	Rs. 300,000

Deductions are made as follows
Provident fund 10%
Income tax 5%
Employer contributes an equal amount towards provident fund.

Required:

a) Record the journal entries for the payroll.
b) When sold goods are returned, what entries are passed?
c) Under what circumstances separate looks for factory and head office are maintained.

Q.6 **(A)** A company purchases a certain material in lots of 900 units which is one quarter supply. The cost to place an order is Rs. 100 and carrying cost is 10%. The cost per unit of the material is Rs. 20.

Required: How much the company can save per year by following the Economic Order Quantity.

(B) Define lead time.

Q.7 Four workers are engaged in an operation for which standard production time per piece is determined as 48 seconds. Standard hourly rate of the workers is Rs. 33.75. during a 40 hours week output of the four workers was as follow:

A	=	2,800 pieces	B	=	2,900 pieces
B	=	3,000 pieces	D	=	3,200 pieces

Wages of the workers are computed under straight piece rates but time rate earning are guaranteed to workers.

Required: (i) Compute wages earned by the workers.
(ii) Compute distribution of the wages between work in process and factory overhead.

Q.8 Discuss the various classification of cost.

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UNIVERSITY OF THE PUNJAB

PART–II: 2nd Annual - 2017
Examination: B. Com.

Roll No. ....

Subject: Cost Accounting
PAPER: BC-406

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

Note: Attempt any FIVE questions. All questions carry equal marks.

Q.1 Kamran Chemicals Company by had following inventories as on march 1:

Material	Rs.	20,000
Work in Process	Rs.	25,000
Finished Goods	Rs.	60,000

During the month of March materials worth Rs. 180,000 were purchased. Direct labour cost incurred was Rs. 400,000 and factory overhead was applied to production at the rate of 150% or direct labour cost.
The company had following inventories as on March 31:

Material	Rs.	25,000
Work in Process	Rs.	40,000
Finished Goods	Rs.	80,000

Required: Pass necessary journal entries to record flow of cost through inventory accounts.

Q.2 Following are the data related to operations of Al-Qaabiz Pharmacy for the accounting year ended as on March 31, 20___:
Changes in inventory:

	Rs.
Finished goods increased by	8,950
Work in process decreased by	9,350
Raw materials increased by	12,545
Raw materials purchased	265,655
Purchase returns and allowances	12,200
Purchase discounts	10,350
Transportation in	6,470
Direct labour cost	45,200
Manufacturing overhead incurred	37,370

Required: Cost of goods manufactured and sold statement.

Q.3 Department No. 9376 of Ameen Industrial Company received 13,000 units from preceding department at a unit cost of Rs.8.32 and transferred out 12,200 units. 600 units were in process at the end of month. Degree of completion of in process units was estimated as: 1/2 units 1/6 complete, 1/3 units 1/4 complete and 1/6 units 1/2 complete. Remaining units were lost during processing.

During the month the department added direct materials costing Rs.70,395 and incurred direct labour cost of Rs.44,460. Factory overhead applied rate for the department was 2/3 of direct labour cost.

Required: Cost of Production Report.

P.T.O.

Q.4 The inventory on December 1, 2016 of a particular class of merchandise of B Corporation consisted of 180 units priced at a cost of Rs.20. Purchases during the month were as follow:

Date	Quantity		Unit Cost
Dec. 6	50	Units	Rs.20
Dec.12	100	Units	Rs.19
Dec.14	70	Units	Rs. 21
Dec. 18	40	Units	Rs.22
Dec. 23	110	Units	Rs.23

Upto December 31st all the inventory was sold at Rs. 30 per unit except 200 units.

Required: (i) The value of closing inventory using
(a) Weighted average (b) FIFO (c) LIFO
(ii) Gross profit using Weighted average method only.

Q.5 It is estimated that during the coming year Khubaib Auto Industry will buy 50,000 units of a certain component at a price of Rs.30 per unit. Annual storage cost per unit is estimated as Rs.1.90 per unit. It is policy of the company to impute 15% interest on capital invested in inventory. Ordering cost is expected to be Rs.400 per order. Presently the company buys in four quarterly orders of 12,500 units.

Required: (i) Economic order quantity.
(ii) Saving for the coming year if the company buys in economic order quantity.

Q.6 Abdullah and Ahmed are two workers in assembling department of a manufacturing concern. During each day of previous week their hours worked are as under:

Days	**Hours Worked**	
	Abdullah	**Ahmed**
Monday	10	9
Tuesday	11	10
Wednesday	9	9
Thursday	8	10
Friday	9	8
Saturday	8	4

Required: Normal and overtime wages of Abdullah and Ahmed for the week if:
(a) Normal working hours are8.
(b) Normal rate of Rs. 80 per hour.
(c) Workers are paid at double the normal rate for overtime.

Q.7 Following figures are taken from annual budget of Meena Manufacturers for the year 2016:
Fixed factory overhead.......................Rs.4,000,000
Factory overhead absorption rate.......................Rs. 70 per direct labour hour
Variable factory overhead rate.......................Rs. 30 per direct labour hour
Following are a few figures of actual results of year 2016:
Capacity attained.......................110,000 hours
Factory overhead.......................Rs.8,000,000

Required: (a) Budgeted capacity that was used to compute factory overhead absorption rate.
(b) Analysis of under or overabsorbed factory overhead into volume and budget variances.

Q.8 Differentiate between Job costing and process costing.

UNIVERSITY OF THE PUNJAB

PART–II: Annual - 2018
Examination: B. Com.

Roll No. ....

Subject: Cost Accounting
PAPER: BC-406

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

1. Zeshaan Limited manufactures an electric light that is sold for Rs. 280 each. Last year the company sold 2,000 of these lights, realizing a gross profit of 25% of the cost of goods sold. Of this total cost of goods sold, materials accounted for 40% of the total and factory overhead 15%.

   During the coming year, it is expected that materials and labor costs each will increase by 25% and factory overhead by 12.5%.

   To meet the rising cost, a new selling price must be set.

   Required: Compute the number of units that must be sold out to realize the same total gross profit in the coming year as was realized last year, if the new price per unit is set at (a) Rs. 325 and (b) Rs. 350.

2. A worker takes 9 hours to complete a job on daily wages and 6 hours on a scheme of payment by results. His day rate is Rs. 7.50 per hour. Materials cost of the product is Rs. 400 and overheads are recovered at 150% of total direct wages.

   Required: Calculate factory cost of the product under:

   a) Piece Work Plan
   b) Halsey Plan
   c) Rowan Plan

3. In June, the volume variance of the Ali Processing Co. was zero and the budget variance showed a debit of Rs. 6,000. In July, volume variance was a debit of Rs. 8,000 but the budget variance was zero.

   In June, actual factory overhead was Rs. 70,000 for an output of 8,000 tons. In July actual factory overhead was Rs. 56,000 and the output was 6,000 tons. In August, the output was 9,000 tons and actual factory overhead was Rs. 71,000.

   Required:

   a) Budgeted factory overhead for 9,000 tons.
   b) Applied factory overhead in August.
   c) Budget variance and volume variance for August.

4. During the month of September Department No. M- 40 of Wajahat Industry received 20,000 units from preceding department. To the units received in materials are added resulting in an increase of 80% in number of units. At the end of month 3,000 units were in process in the department. Stage of completion of in process units is estimated as: 100% materials, 50% labour and 40% overhead. During processing 1,000 units were lost. The loss is regarded as unavoidable.

   Following costs were charged to the department during the month:

Cost from preceding department	Rs. 175,000
Direct materials	Rs. 166,250
Direct labour	Rs. 117,250
Manufacturing overhead	Rs. 58,100

   Required: Cost of Production Report.

5. A job order calling for 50 motors was sent through the factory. The cost elements per motor were

Materials	Rs. 110
Labour	Rs. 175
Predetermined Factory overhead	Rs. 125

P.T.O.

After the motors had been manufactured, final inspection discovered that 2 motors were spoiled and would have to be sold as seconds at a price of Rs. 100 each, whereas, one motor was defective which would require Rs. 50 of additional materials, and Rs. 50 and Rs. 25 of additional labour and factory overhead.

Required:

Prepare Journal entries

a) When the loss is charged to specific job.

b) When the loss is not so charged.

c) Also calculate per unit cost in both the cases.

6. Shahid ltd, had the following inventories at the beginning and end of the month.

	September 1	September 30
Materials	Rs. 20,000	Rs. 23,000
Work in process ... materials	Rs. 30,000	Rs. 34,000
Work in process ... labour	Rs. 40,000	Rs. 35,000
Work in process ... factory overhead	Rs. 50,000	Rs. 46,000
Finished Goods	Rs. 25,000	Rs. 28,000

During the month of September the cost of raw materials purchased was Rs. 125,000; direct labour cost incurred was Rs. 80,000 and factory overhead applied to production was Rs. 100,000.

Required:

a) Prepare the necessary journal entries on September 30 to transfer the cost of goods manufactured and sold to proper summary accounts.

b) Pass Journal entries of sales return with your own figures?

7. The following information has been extracted from the books and records of Harris Manufacturing company:

Material purchased		Rs. 120,000
Total payroll		Rs. 50,000
Direct labour		Rs. 42,000
Superintendence	Rs. 5,500	
Heat and light	Rs. 4,000	
Insurance (fire and other)	Rs. 500	
Indirect materials purchased and used	Rs. 2,000	
Depreciation of building	Rs. 1,500	
Depreciation of equipment	Rs. 1,500	
Factory taxes	Rs. 1,000	
Employer's provident fund contribution (94% factory, 4% selling and 2% administrative)	Rs. 5,000	
Tool expenses	Rs. 1,300	
Miscellaneous factory overhead costs	Rs.550	Rs. 22,850
Predetermined overhead rate: 60% of direct labour cost		
The beginning and ending inventories were:	**January 1**	**December 31**
Materials	Rs. 12,000	Rs. 15,000
Work in process	Rs. 6,000	Rs. 4,000
Finished goods	Rs. 18,000	Rs. 21,000

Required: From the foregoing information prepare the cost of goods manufactured and sold statement, with over under applied adjustment.

8. Define Cost Accounting and explain fully the advantages to a manufacturing company of maintaining Cost Accounts

UNIVERSITY OF THE PUNJAB

PART – II : 2nd Annual – 2018

Examination: B. Com.

Roll No. ....

Subject: Cost Accounting **TIME ALLOWED: 3 Hrs.**

PAPER: BC-406 **MAX. MARKS: 100**

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q. No.1. Following is summary of transactions that take place at Khubaib Manufacturing Company Limited during the month of April 2016:

(a)	Materials purchased, received and recorded	Rs.	265,000
(b)	Materials requisitioned on job No. 101, 102 and 103	Rs.	235,000
(c)	Indirect materials requisitioned	Rs.	10,000
(d)	Materials returned to the supplier	Rs.	6,000
(e)	Excess materials returned from the factory to storeroom (This return is applicable to job No. 102)	Rs.	9,000
(f)	Payments of wages and salaries were made based on the following information:		
	Time Tickets on Jobs No. 101, 102 and 103 (4,000 hours)	Rs.	250,000
	Clock Cards and Time Tickets for all other indirect labor	Rs.	60,000
	Sales salaries and commission	Rs.	100,000
	Office and general administration payroll	Rs.	40,000
	Total	Rs.	450,000

Employees provident fund contribution: 3% of total wages, income tax withheld Rs.6,500.

(g) The company contributes 3% as its contribution of provident fund.

(h) Factory overhead control account in Voucher Register was debited for Rs.70,000. Month end adjusting entries charged for depreciation Rs.30,000 and for insurance Rs.10,000.

(i) Factory overhead is applied at the rate of 70% of direct labor cost.

(j) Goods costing Rs.625,000 were completed.

(k) Goods costing Rs.590,000 were sold for Rs.950,000 (Rs.200,000 for cash).

Required: pass journal entries in the factory office books and general office books

Q. No.2. Following data have been taken from the records of Al-Khaliq Corporation:

	Jan.1	Dec.31
Inventories:	Rs.	Rs.
Raw materials	15,000	20,000
Work in process	31,500	28,400
Finished goods	134,000	?
Other information:		
Raw materials purchased		295,000
Direct labor cost		106,000
Freight in		4,000
Purchase discount		2,000

Factory overhead is applied @ 75% of direct labour cost.

Finished goods inventory on January 4,000 units and December 31, 3,500 units. Sales during the year, 14,000 units at Rs.52 per unit.

Required:
1. Number of Units manufactured.
2. Cost of goods manufactured.
3. Cost per unit manufactured.
4. Cost of finished goods inventory on 31st December.
5. Cost of goods sold.
6. Gross profit --- total and per unit.

P.T.O.

Q. No.3. Al-Ba' is Industry reported the following production data for its department No.2:

Transferred in from department No.1	55,000 Units
Transferred out to department No. 3	39,500 Units
Units lost in process	5,000 Units

The remaining units were in process 1/3 complete as to labor and overhead. All materials were put in process in department No. 1. Costing department collected following figures for department No. 2:

Unit cost received in	Rs.	1.80
Labor cost in department No.2	Rs.	27,520
Applied overhead in department No.2	Rs.	15,480

Required: A cost of production report for department 2

Q. No.4. A job order calling for 50 motors is sent through the factory. Cost elements per motor are:

Material	Rs.	110
Labour	Rs.	175
Predetermined Factory overhead	Rs.	125

After the motors had been manufactured, final inspection discovered that 2 motors were spoiled and would have to be sold as seconds at a price of Rs. 100 each, whereas, one motor was defective which would required Rs. 50 of additional materials, and Rs. 50 and Rs. 25 of additional labour and factory overhead.

Required: Prepare journal entries:
(a) When the loss is charged to specific job.
(b) When the loss is not so charged.

Q.5 Abdullah and Ahmed are two workers in assembling department of a manufacturing concern. During each day of previous week their hours worked are as under:

Days	Hours Worked	
	Abdullah	Ahmed
Monday	10	9
Tuesday	11	10
Wednesday	9	9
Thursday	8	10
Friday	9	8
Saturday	8	4

Required: Normal and overtime wages of Abdullah and Ahmed for the week if:
(a) Normal working hours are8.
(b) Normal rate of Rs. 80 per hour.
(c) Workers are paid at double the normal rate for overtime.

Q. No.6. A Company estimated its factory overhead for the next period at Rs.300,000. It is estimated that 40,000 units will be produced at a materials cost of Rs.400,000. Production will require 50,000 man hours at an estimated wage cost of Rs.600,000. The machines will run about 25,000 hours.

Required: (1) Factory overhead rate that may be used in applying factory overhead to production on each of the following basis:
(i) direct materials cost, (ii) direct labor hours,
(iii) direct labor cost and (iv) machine hours.
(2) Total cost of Job No. 616 consisting of 100 units by each rate in (1) above.
(Job No.616: direct materials Rs.24,000; direct labor Rs.45,000; direct labor hours 3,500; and machine hours 2000)

Q. No.7. Factory overhead burden rate of Kings Chemical Industries is Rs.2.25 pr hour. Budgeted overhead at two activity levels is as under

Activity Level	Budgeted Factory overhead
15,000 hours	Rs.40,000
35,000 hours	Rs.60,000

Actual factory overhead for the period was Rs.49,800 and actual volume was 25,000 hours.

Required: (i) Variable overhead burden rate. (ii) Budgeted fixed overhead.
(iii) Budgeted volume at which the burden rate is computed.
(iv) Applied overhead. (v) Under or overapplied overhead.
(vi) Volume variance. (vii) Spending variance.

Q. No.8. Explain the difference between Financial accounting and cost accounting.

UNIVERSITY OF THE PUNJAB

B.Com. Part – II Annual Exam – 2019

Roll No. ....

Subject: Cost Accounting **Paper: BC-406** **Time: 3 Hrs.** **Marks: 100**

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q # 1 The Enterprise Manufacturing Company had the following inventories on 1st October:

Raw materials	Rs.33,000
Work in process --- materials	Rs.12,000
Work in process --- labour	Rs.16,000
Work in process --- factory overhead	Rs.12,000
Finished goods	Rs.18,000

During the month of October the cost of raw materials purchased was Rs.75,000; direct labor cost incurred was Rs.90,000 and factory overhead applied to production was Rs.60,000.
Inventories on 31st October were:

Raw materials	Rs.25,000
Work in process --- materials	Rs.10,000
Work in process --- labour	Rs.12,000
Work in process --- factory overhead	Rs. 6,000
Finished goods	Rs.28,000

Required: Prepare the necessary journal entries on 31st October to show flow of costs through proper summary / control accounts.

Q # 2 Latino Tools Co. Ltd. provides following incomplete information at the end of its accounting year:

Sales for the year		Rs.540,000
Cost of goods sold for the year		Rs.324,000
Materials purchased during the year		?
Direct labour		Rs.115,200
Cost of goods available for sale		Rs.465,600
Income tax for the year		Rs. 12,000
Inventories	Beginning	Ending
Materials	Rs.63,000	Rs. 67,500
Work in process	Rs.75,600	Rs.104,400
Finished goods	?	?

Direct materials used during the year is equal to 70% of cost of goods sold. Factory overhead is 2/3rd of direct labour cost. Selling expenses are 7.5% of sales and administrative expenses are 2.5% of sales.
Required: prepare complete income statement from the incomplete information given above.

Q # 3 The Star Manufacturing Company uses process cost system Costs of Department 2 for the month of May were as under:

Cost from preceding department		Rs.20,000
Cost added:		
Materials	Rs.21,816	
Labor	Rs. 7,776	
Factory overhead	Rs. 4,104	Rs.33,696

PTO

The following information was obtained from the department's quantity schedule:

Units received	5,000
Units transferred out	4,000
Units still in process	1,000

The degree of completion of work in process was:

50% of the units were 40% complete,
20% of the units were 30% complete, and
Balance of the units were 20% complete.

Required: Prepare cost of production report of Department 2 for May.

Q # 4 Production of an order consisting 800 units requires direct materials of Rs.350,000 and direct labour of Rs.250,000. Factory overhead is applied at the rate of 80% of direct labour cost. After completion of the order, 16 units are classified as spoiled which can be sold for Rs.4,000. Customer takes delivery of remaining 784 good units and paid in cash the contracted price at the rate of Rs.1,250 per unit. Spoiled units are sold and Rs.4,000 received in cash.

Required: (1) Journal entries, if the loss is charged to the order.
(2) Journal entries, if the loss is charged to factory overhead.

Q # 5 Following data are available with respect to a certain material.

Annual requirement	56,250 units
Cost to place an order	Rs. 100
Annual interest rate	10%
Annual carrying cost per unit	Rs.5
Per unit cost	Rs.50

Required: (1) Economic order quantity.
(2) Number of orders per year.
(3) Frequency of orders.

Q # 6 In a factory differential piece-rate system is used. The differentials applied are as follows:

90% of standard piece rate for output below standard.
110% of standard piece rate for output at or above standard.

Standard output is 60 units per hour and normal wage rate is Rs.30 per hour. In a 9 hour day worker A produced 520 units, worker B produced 540 and worker C produced 560 units.

Required: Calculate day's earnings of A, B and C.

Q # 7 During the year 2018 Shammusdeen & Co. Ltd. produced 750,000 units. At this activity level factory overhead cost were Rs.1,100,000.

Before the start of 2018 accountant of the company estimated annual activity level as 850,000 units and factory overhead as Rs.1,275,000. Thus, factory overhead applied rate was Rs.1.50 per unit. 60% of factory overhead applied rate is composed of variable cost.

Required: (1) Budgeted fixed factory overhead
(2) Under or overapplied factory overhead.
(3) Volume variance
(4) Budget variance.

Q # 8 Explain the following:

a. Process cost method
b. Perpetual inventory system
c. First in first out method
d. Expenditure variance

UNIVERSITY OF THE PUNJAB

B.Com. Part – II   2nd Annual Exam – 2019

Roll No. ....

Subject: Cost Accounting   Paper: BC-406   Time: 3 Hrs. Marks: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

1. Following information summarizes activity of Abdul Hadi Manufacturing Company during the month of May:

(a) Raw materials purchased	Rs. 410,000
(b) Direct materials of Rs. 34,000 and indirect materials of Rs. 50,000 were used in production.	
(c) Factory overhead cost during January:	
Utilities payable	Rs. 12,000
Factory rent payable	Rs. 24,000
Insurance expired	Rs. 4,000
Depreciation of plant	Rs. 10,000
(d) Payroll data for the month are as follows:	
Direct labor	Rs. 230,000
Indirect labor	Rs. 40,000
Gross payroll	Rs. 270,000
Employees provident fund contribution	Rs. 13,500
Net amount paid	Rs. 265,600
Employer also contributes an equal amount towards provident fund.	
(e) Factory overhead is applied to production @ 80% of direct labor cost.	
(f) Cost of goods produced during the month Rs. 730,000 comprising direct materials Rs. 325,000, direct labor Rs. 225,000 and factory overhead Rs. 180,000.	
(g) Goods costing Rs. 670,000 was shipped to customers for Rs. 10,00,000. Customers paid Rs. 800,000 in cash and balance of the sales was on credit.	

Required: you are required to pass general entries in factory office books and general office books.

2. Ali Raza Co. Ltd. Provides following incomplete information at the end of its accounting year:

Sales for the year		Rs.750,000
Cost of goods sold for the year		Rs.400,000
Materials purchased during the year		?
Direct labour		Rs. 100,000
Cost of goods available for sale		Rs.505,000
Income tax for the year		Rs. 12,500
Inventories	**Beginning**	**Ending**
Materials	Rs.480,000	Rs. 42,000
Work in process	Rs.60,000	Rs. 75,000
Finished goods	?	?

A direct material used during the year is equal to 75% of cost of goods sold. Factory overhead is 50% of direct labour cost. Selling expense are 10% of sales and administrative expenses are 3% of sales.

Required: Prepare complete income statement from the incomplete information given above.

3. A product requires processing in three departments. In the second department materials are added to units received from previous department. As a result of this addition of material number of units increased by 75%. The following data relate to the operation of Department 2 for the month of May:

Units received from department 2	40,000 units
Units transferred to finished goods storeroom	64,000 units
The balance of units were still in process (100% complete as to materials, 25% complete as to labor and overhead)	
Cost transferred from department 1	Rs. 420,000
Cost added by department:	
Materials cost	Rs. 430,500
Labor cost	Rs. 229,250
Factory overhead cost is applies @ 80% of Direct Labour Cost.	

Required: A cost of Production Report.

P.T.O.

4. The average daily requirement of 6" diameter dish-shaped grinding wheel is 3 pieces. Time required to secure delivery from the usual supplier is 2 weeks. From the records of novelty Tools Works, it is found that maximum requirement of the wheel in any month of 4 weeks does not exceed 100 pieces and minimum requirement during any such period is not likely to fall below 50 pieces.

Required: You are asked to fix minimum and maximum limits and also the ordering level. Assume the economic order quantity to be 5 dozens. If 2 days are sufficient to receive emergency supply, fix also the danger level.

5. Zeshaan is a sewing machine operator in a shoe factory. During the week each day he performed a different operation. His performance data for the week are given below:

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Pieces Produced (during 8 hours)	1,400	504	2,000	880	855	1,125
Standard Production Time Per Piece (Seconds)	27	50	18	45	40	24

Zeshaan is classified in pay scale of Rs. 24 per hour and is paid under 100% premium plan.
Required: Calculate his daily earning and total earning for the week.

6. The Majid Nawaz Company applies factory overhead to production by means of predetermined rate based on expected actual capacity. Factory overhead at expected actual capacity of 120,000 hours in Rs. 240,000 of which Rs. 60,000 is fixed and Rs. 180,000 is variable. Normal capacity of the company is 150,000 hours. The actual capacity attained during the year was 100,000 hours and actual factory overhead was Rs. 180,000.

Required:

(a) Predetermined factory overhead rate based on expected actual capacity and normal capacity.
(b) Over applied or under applied factory overhead based on rate used by the company.
(c) Budget variance and volume variance

7. Eyshan ltd. provide you the following data for the month of June 2019:

Inventories:	**June 1**	**June 30**
Materials	Rs. 55,000	Rs. 50,000
Work in process—materials	Rs. 75,000	Rs. 70,000
Work in process—Labour	Rs. 45,000	Rs. 37,600
Work in process—Factory overhead	Rs. 33,600	Rs. 25,900
Finished goods	Rs. 120,000	Rs. 135,000

Manufacturing costs for the moth are as follow:

Direct material used	Rs.595,000
Direct labour:	
Assembling department @ Rs.60 per hour	Rs. 249,600
Finishing Department @ Rs.80 per hour	Rs. 168,000

Factory overhead is applied according to following rates
Assembling department @ Rs.30.00 per direct labour hour
Finishing Department @ Rs 50.00 per direct labour hour

Required: (a) Prepare a cost of goods manufactured and sold statement for the month.
(b) Calculate unit cost of materials. labour and factory overhead for the production of June assuming that 12,000 units were produced during the month.

8. "Explain in details the functional classification of Cost". ?

UNIVERSITY OF THE PUNJAB

Associate Degree in Commerce /B.Com. Part – II Annual Exam – 2020

Roll No. ....

Subject: Cost Accounting **Paper: BC-406** **Time: 3 Hrs. Marks: 100**

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q. 1 Head office of Al-Wakeel Wood Works is in Lahore and its factory is in Gujrat. Following information pertains to its payroll of a certain month:

Direct labor..	Rs.500,000
Indirect labor..	Rs. 50,000
Sales salaries..	Rs.100,000
Office salaries..	Rs. 50,000
Total..	Rs.700,000

Deduction of income tax of employees for the month totaled Rs.10,000. Provident Fund at the rate of 7% and Welfare Fund at the rate of 3% is deducted from gross earnings of all employees. Employer also contributes to Provident Fund and Welfare Fund at the same rates as the rates of deductions. Net amount of salaries and wages payable to employees is paid.

Required: Prepare journal entries to record the above transactions in general office books and factory office books.

Q. 2 Al-Muqtadir Manufacturing Concern provides following data relating to its operations from January1 to June 30:

Changes in inventory:

Finished goods decreased by	Rs.	60,000
Work in process decreased by	Rs.	40,000
Raw materials increased by	Rs.	24,400
Raw materials purchased	Rs.	473,300
Purchases returns and allowances	Rs.	15,300
Purchase discounts	Rs.	8,700
Transportation in	Rs.	17,700
Direct labour cost	Rs.	316,300
Manufacturing overhead	Rs.	141,100

Required: From the above information compute the following:

(a) Total current manufacturing cost.
(b) Cost of goods manufactured.
(c) Cost of goods sold.

Q. 3 Yaqoob Yarn Factory reports following production data for its Department No. 2:

Transferred in from Department No. 1	50,000 Units
Transferred out to Department No. 3	44,000 Units
Normal loss in process	2,000 Units

Remaining units are in process and $^{1}/_{4}$ complete.

Costing department collects following data as to costs in Department No. 2:

Per unit cost of units from Department No. 1	Rs. 12.00
Labor cost in Department No. 2	Rs.216,000
Manufacturing overhead in Department No. 2	Rs.121,500

All materials are put in process in Department No. 1

Required: A cost of production report for department 2.

Q. 4 Following transactions relate to an item of materials coded as T-29 used by Hashir Handicrafts in its manufacturing operations:

Nov. 1	Balance b/d	200 units @ Rs. 25
Nov. 5	Purchase	300 units @ Rs. 27
Nov. 8	Issue	250 units
Nov.12	Purchase	200 units @ Rs. 28
Nov.14	Return to supplier, purchased on Nov.5	50 units
Nov.20	Issue	250 units
Nov.22	Return to storeroom	20 units
Nov.26	Purchase	300 units @ Rs. 30
Nov.30	Issue	250 units

Required: Prepare Perpetual Inventory Cards and calculate cost of material used and in ending inventory under each of the following methods:

(a) First in, First out,

(b) Last-in, First out, and

(c) Average Costing.

Q. 5 From the books and records of Mobeen Art Press it is found that average daily requirement of 20x30-90 gm. art paper is 50 reams. Maximum monthly requirement of the art paper does not exceed 2,500 reams and minimum requirement during any month is not likely to fall below 1,000 reams. Time required to secure delivery from supplier is usually 15 days. Economic order quantity is 1,200 reams.

Required: Determine minimum and maximum limits and also order level. If three days are sufficient to receive emergency supply, determine danger level also.

Q. 6 A worker takes 9 hours to complete a job on daily wages and 6 hours on a scheme of payment by results. His day rate is Rs.7.50 per hour. Materials cost of the product is Rs.400 and overheads are recovered at 150% of total direct wages.

Required: Calculate factory cost of the product under:

(1) Piece Work Plan.

(2) Halsey Plan.

(3) Rowan Plan.

Q. 7 A factory prepares following budget as to its factory overhead.

Fixed factory overhead per month	Rs.300,000
Variable factory overhead	Rs. 40 per unit
Normal volume per month	15,000 units
Following data of actual results are collected at the end of month:	
Total factory overhead	Rs.990,000
Total output	17,500 units

Required: (a) Factory overhead absorption rate.

(b) Under or over absorbed factory overhead.

(c) Budget variance.

(d) Capacity variance.

Q. 8 Explain the followings:

(i) Production department

(ii) Service department

(iii) Allocation of factory overhead.

(iv) Applied Factory Overhead

UNIVERSITY OF THE PUNJAB

Roll No. ....

Associate Degree in Commerce / B.Com. Part – II

2nd Annual – 2020 & Annual – 2021

Time: 3 Hrs. Marks: 100

Subject: Cost Accounting Paper: BC-406

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q.1: Following transactions are related to Al-Khaliq Manufacturing Company, Rawalpindi. Factory is situated at Jehlum. Total Payroll cost for the month Rs. 800,000, employee's income Tax withheld Rs. 24,000, deduction for provident fund at the rate of 5% of gross payroll, voucher for net earnings of employees was prepared and paid. Payroll Analysis Sheet revealed the following information:

Direct labour	Rs.500,000
Indirect labour	Rs. 60,000
Sales salaries	Rs.140,000
Office Salaries	Rs.100,000

Note: Employee's provident fund Contribution (EPFC) by the employer is at the same rate as the rate of deduction; rate of social security fund contribution (SSFC) by employer is 3% of gross pay.

Required: Prepare Journal entries to record the above transaction in general office books and factory office books

Q.2: Following information are taken from the books and records of Al-Azeem Industry for the month ended june 30, 2020:

	Units	Cost
Sales during the year	1,000	?
Opening inventories		
Work in process	---	---
Finished goods	280	Rs.32,400
Closing inventories		
Work in process	140	?
Finished goods	240	?
Manufacturing costs:		
Direct materials cost		Rs.90,000
Direct labour cost		Rs.72,000
Factory overhead cost		Rs.54,000

Production manager of the company has submitted the following cost estimate for the closing work in process inventory:

Direct materials cost	Rs.8,100
Direct labour cost	Rs.3,600

The company's past experience showed that factory ~~overhead~~ cost tends to fluctuate closely in proportion to direct labour cost

Required:

1. Determine number of units manufactured during the month.
2. Complete the production manager's estimate of the cost of work in process.
3. Prepare a manufacturing statement for the month.
4. Determine cost of each unit manufactured during the month.
5. Assume that the first cost recorded in the finished goods account is the first cost to be credited to the account. Determine ending inventory of finished goods.
6. Calculate cost of goods sold.
7. Calculate per unit cost of last month.

Q.3: Following cost are charged to Finishing Department of Ayub Aluminum Works during the month of April:

Cost from preceding department.. Rs.94,500
Direct labour Rs.38,468
Factory overhead applied.. Rs. 9,617

During April Finishing Department receives 18,000 units from preceding department 13,000 units are transferred to finished goods storeroom. 2,500 completed unites are in Finishing Department awaiting transfer. At the end of April 2,000 units are in process in Finishing Department. These units are 40% converted.

Required: A cost of production report of Finishing Department for the month of April:

Q.4: Mansoor Machinery Works estimates its annual requirement of a certain type of ball bearing is 20,000 units. Inventory carrying cost is 8% and ordering cost is Rs.50 per order. Purchase price of this type of ball bearing is Rs.100 per unit.

Required:

1) What is the most economical number of units to order?
2) Number of order placed in a year.
3) About how often an order need to be places?
4) Proof of correctness of your answer for (1) in the form of a table.

Q.5: Following data pertains to hours worked in a week by two workers of a factory:

Days:	Mon.	Tue.	Wed.	Thu.	Fri.	Sat.
Hours worked:						
Rashid	10	9	11	10	8	11
Basheer	9	8	10	9	8	11

Rashid is paid Rs.50 per hours and Basheer is paid Rs.60 per hours. For overtime hours the workers are paid time and a half. Normal working week is 48 hours. Factory works 6 days in a week.

Required: Normal and overtime wages of Rashid and Basheer?

Q.6: The Venus Manufacturing Company applied factory overhead to production by means of predetermined rate based on expected actual capacity. Factory overhead at expected actual capacity of 80,000 hours is Rs.1,000,000 of which Rs.600,000 is fixed and Rs.400,000 is variable. Normal capacity of the company is 100,000 hours. Actual capacity attained during the year was 85,000 hours and actual factory overhead was Rs.1,200,000

Required:

(a) Predetermined factory overhead rate based on expected actual capacity and normal capacity.
(b) Over applied and under applied factory overhead based on rate used by the company.
(c) Budget variance and volume variance.

Q.7: Al-Ahad Industry is preparing feasibility of a new product. Estimates as to sales and cost of this product are as under:

Estimates sales.. 5,000 units per year
Estimates cost ....
Direct materials .... Rs.400 per unit
Direct labour .... Rs.350 per unit
Manufacturing overhead .... Rs.250 per unit
Marketing expanses .... Rs.300 per unit
Administration expanses .... Rs.100 per unit

It is policy of Al-Ahad Industry to earn net profit of 30% of sales.

Required:

a) Compute the sales price per unit.
b) Prepare an estimated income statement for the year showing revenues and expanses of this product.

Q.8: Explain the difference between periodic inventory system and perpetual inventory system. Which of these two systems is better?