



THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. Answer the following short questions: (15x2=30)

- i. What kind of firms use Process Costing?
- ii. What are the components of Total Factory Cost?
- iii. What is Overtime Payment?
- iv. What is the purpose of preparing Stock Ledger Card?
- v. What is an Overheads Variance?
- vi. What are the components of Conversion Cost?
- vii. What is Inventory Turnover Ratio?
- viii. What is the difference between a Product Cost and Period Cost?
- ix. What is Idle Time?
- x. What is Economic Order Quantity?
- xi. What is Standard Cost?
- xii. What is the difference between Cost of Goods Manufactured and Cost of Goods Sold?
- xiii. What is meant by Minimum Inventory Level?
- xiv. What is a Budget?
- xv. What are the common bases for overheads absorption into output?

Answer the following questions. (3x10=30)

Q. No. 2: Records of Bel Cold Refrigerator Company show the following information for the three months ended March 31, 2023:

Materials purchased	Rs. 1,946,700
Inventories, January 01, 2023:	
Finished goods (100 refrigerators)	Rs. 43,000
Materials	Rs. 268,000
Direct labour	Rs. 2,125,800
Factory overheads	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, 2023:	
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 (10 marks)

Q. No. 3: Shimla Manufacturing Company Limited prepared following estimates for the year 2022:

Fixed factory overheads-----Rs. 450,000
Variable factory overheads-----Rs. 600,000
Direct labour hours-----200,000

Actual results for the year 2022 were as follows:

Fixed factory overheads-----Rs. 450,000
Variable factory overheads-----Rs. 680,000
Direct labour hours-----220,000

Required:

- (1) Total factory overheads variance
- (2) Capacity variance
- (3) Budget variance

(10 marks)

Q. No. 4: Costs incurred and production made by Department No. 1 of Noorani Industry Limited during the month of June 2023 are as under:

Direct materials-----Rs. 506,250
Direct labour-----Rs. 95,625
Factory overheads-----Rs. 63,750
Units started in process-----75,000
Units transferred to next department-----60,000
Units still in process-----15,000

Units still in process are 50% complete as to materials and 25% converted.

Required: Cost of production report for the month

(10 marks)