COST ACCOUNTING 2017

Time: 3 Hours (Private) Max Marks: 100

Instructions: attempt any five Questions in all.

1. Azhar Rizvi is a manufacturer. The following balances were extracted from the books on 31 March 2017:

Stock at	**April 1, 2016**	**March 31, 2017**
Raw material	Rs.92, 000	Rs.97, 000
Work in process Finished goods	Rs.53, 000	Rs.51, 000
Purchase of raw material	Rs.200, 000	Rs.450, 000

Purchases returns of raw materials	Rs.50, 000
Direct factory wages	Rs.450, 000
Factory manager salary	Rs.300, 000
Indirect factory expenses	Rs.95, 000
Depreciation of factory plant and machinery	Rs.28, 000
Purchases returns of raw materials	Rs.50, 000

REQUIRED:

Prepare: (i) Statement of cost of goods manufactured. (ii) Statement of cost of goods sold. (iii) Closing entries.

2. The following information has been taken from the job order cost system, used by Arbab Sons.

Jobs No.	**Balance May 1**	**Production cost in May**
701	2,00,000	
702	2,50,000	
703	50,000	2,50,000
704	70,000	3,30,000
705		4,00,000
706		2,30,000
708		90,000

During May Job No. 703, 704 and 705 were completed, and Job No. 701, 702 and 703 were sold on account at 40% above cost.

REQUIRED:

(a) (i) Cost of finished goods inventory - beginning.

(ii) Cost of goods in process inventory - beginning

(iii) Cost of finished goods inventory - ending

(iv) Cost of goods in process inventory - ending.

(v) Cost of goods manufactured.

(vi) Cost of goods sold.

(vii)Sales revenue.

(b) General journal entries for (v), (vi) and (vii) above.

3. Naveed Ahmed Hashmi Mills Ltd. Uses general ledger and a factory ledger. The following transactions took place:

- Material purchased Rs.250, 000.
- Material was consumed for direct purpose Rs.170, 000 and for indirect purpose Rs.30, 000.
- Payroll consisting of direct labor of Rs.440,000,indirect labor Rs.20,000,sales salaries Rs.14,000 and office salaries Rs.26,000 were paid after deducting 10% income tax and 5% provident fund.
- Creditors were paid Rs.180, 000 less 2% discount.
- Factory overhead was applied at the rate 80% on direct labor.
- Finished goods costing Rs.190, 000 were sold Rs.260, 000.

REQUIRED: Journal entries on the factory books and the general office books.

4. Jalil Industries Ltd. uses a process cost system of three processes, the following data relates to its process – 01.

Beginning inventory	Rs.1,74, 250
Raw material used	Rs.2,97, 000
Direct labor cost used	Rs.535, 000
Factory overhead cost applied	Rs.428, 000

The data extracted from a quality schedule relating to the above process are as follows:

Units in process beginning (80% complete as to material, 70% as to conversion cost)	110,000 units
Units Placed in production	430,000 units
Units completed	400,000 units

Units still in process at the end 60% complete as to material and 75% complete as to conversion cost.

REQUIRED: Prepare cost of production report.

5. Usman Fabricators is producing lot No. 20 which called for 1,000 dresses, incurring costs as follows:

Material	Labor	Factory Overhead
Rs. 2,500 per dress	Rs. 900 per dress	Rs. 600 per dress

When the lot was completed, inspection rejected 100 spoiled dresses which were sold for

Rs.3, 000 each.

REQUIRED:

(a) Journal entries if the loss is to be charged to lot No. 20.

(b) Journal entries if the loss is to be charged to all production of the fiscal period.

6. Abdul Wajid is employed by a company who submitted the following labor data for the first week of June 2017:

Days	Monday	Tuesday	Wednesday	Thursday	Saturday
Units	560 units	350 units	490 units	420 units	280 units
Hours	07 hours	07 hours	07 hours	07 hours	07 hours

REQUIRED:

Prepare a schedule showing Abdul Wajid's:

(i) Weekly earnings. (ii) Effective hourly rate (iii) Labor cost per unit.

Assuming that company uses 100% bonus plan with a wage rate of Rs.35 per hour and the standard production rate is 42 units per hour.

7. (a). Following data is available for variance analysis:

i. Budgeted (or normal) Factory overhead Rs. 9, 80, 000.
ii. Estimated Direct Labor Hours 1, 00, 000.
iii. Further analysis indicates that 35% overheads are fixed in nature.
iv. During the year 1, 20, 000 direct labor hours were worked.
v. Actual factory overhead incurred Rs. 9, 60, 000.

REQUIRED: calculate the controllable and volume variances.

(b). The work in process account in the general ledger of daniyal company – appears as follows:

Works in process

Material	50,000	Job Completed	80,000
Payroll	80,000		
Applied F. overhead	40,000		

There are only one job in process. The material charged to the job amounted to Rs. 30,000.

REQUIRED: Calculated labor and factory overhead charged to this incomplete job. The factory overhead is applied to production on the basis of direct labor cost.

8. Amir chemical has four department A, B, C and D. A&B are producing departments while C & D are service departments. Following Actual costs were incurred dusting the period.

Producing Departments		Service provide by c	Service provide by D
Department A	Rs.360,000	40%	20%
Department B	Rs.480,000	40%	30%
Service Departments			
Department C	Rs.217,800	---	50%
Department D	Rs.120,000	20%	---
Total	Rs.1,177,800	100%	100%

REQUIRED: Distribute service department overheads using "Direct Method".

COST ACCOUNTING 2017

Time: 3 Hours (Regular) Max Marks: 100

Instructions: attempt any five Questions in all.

1. Define cost Accounting and Financial Accounting.

(b). Communication Manufacturing Company produces F.M. Radios for cars. The following cost information is available for the period ended December 31, 2016:

I. Materials put into product ion Rs.90, 000 of which Rs.60, 000 was considered direct materials.
II. Factory overhead cost for utilities Rs.30, 000.
III. Beginning and ending work in process inventories are zero.
IV. Selling, general and administrative expenses Rs.45, 000.
V. Units completed during the period 10,000

REQUIRED :

- Cost of goods manufactured.
- Direct cost. Product cost. Unit cost.
- Total cost of operation.
- Conversion cost.
- Period cost.

2. The accountant clerk of the moderate manufacturing company has prepared the following summary:

INVENTORIES (1.1.2016)

Raw Materials	40,000	
Work in process	12,000	
Fuel	2,000	
Factory repair parts	2,800	
Finished goods	14,000	
Raw material purchased		70,000
Fuel purchases		58,000
Direct labor		5,200
Factory expenses		83,000
Factory repairs part purchases		2,300

Depreciation of plant		4,200
Superintendence		2,700
Transportation out		1,200
Purchase Discount lost		1,100
Indirect factory labor		800
Raw Materials		2,000

INVENTORIES (31.1.2016)

Raw Materials	36,000	
Works in process	15,000	
Fuel	3,400	
Factory repair parts	2,600	
Finished goods	12,000	69,000
TOTAL		1,62,300

REQUIRED:

a. Prepare statement of cost of goods manufactured.
b. Prepare the statement of cost of goods sold.

3. Qavi Company reported the following inventories on September 1,2016:

Raw material inventory	Work in process inventory	Finished goods inventory
Rs.45,000	Rs.70,000	Rs.57,000

The company uses the job order cost accounting system. The following transact ions data relate to September:

a) Material purchased on account Rs.180, 000

b) Material requisition for production Rs.90, 000 and supplies Rs.30,000.

c) Material returned to supplier Rs.16, 000.

d) Accrued payroll Rs.115, 000 including payroll for indirect labor Rs.25, 000.

e) Sundry manufacturing expenses incurred Rs.120,000.

f) Paid to accounts payable Rs.76,000.

g) Collected from accounts receivable Rs.110, 000.

h) Factory overhead applied at the rate of 110% of direct labor cost.

i) Work in process inventory September 30, 2016 Rs.85,000.

j) Finished goods inventory September 30,2016 Rs.65,000.

k) Sales on account Rs.425,000.

REQUIRED:

Prepare General Journal entries for each of the above transactions (including entries for cost of goods manufactured, cost of goods sold and closing factory overhead account).

4. The following information pertains to the goods in process No. 3 for the month of November,2016:

Goods process inventory November 1,2016 (40,000 units 100% completed as to materials and 75% completed as to conversion costs)	3,87,000
Cost of 140,000 units transferred in from process No. 2 during November manufacturing cost added in process No. 3 during November:	7, 00,000.
Direct material	280,000
Direct labor	12 5,000
Factory overhead	375, 000
TOTAL	1, 867,000

On November 30th Nov 50,000 units are still in process No. 3 which are 100% completed as to materials and 50% completed as to conversion cost.

REQUIRED:

(a) (i) Equivalent units of production.

(ii) Cost per unit.

(iii) Cost of units transferred to finished goods warehouse using FIFO method.

(iv) Cost of units in process on November 30.

(b) General Journal entries to record:

(i) Transfer of 140,000 units from process No. 2 to process No. 3.

(ii) Manufacturing cost added in process No. 3 during November.

(iii) Transfer of 130,000 units from process No. 3 to finished goods warehouse.

5. The XYZ Corporation uses a general ledger and factory ledger. The follow ing transact ions take place:

i. Purchased material Rs.180, 000 and other manufacturing supplies Rs.35, 040.
ii. Labor was consumed as follows:

For direct purposes Rs.1, 16,400

For indirect purposes Rs.20, 000.

iii. Payroll totaling Rs.136, 400 were paid, 5% of wages were withheld for income tax and 2% for social security tax. The company also deducted 5% as provident fund. However the company also contributes towards provident fund equal to the amount deducted by way of provident fund.

iv. Material was consumed as follows:

For direct purposes Rs.144, 320, For indirect purposes Rs.20, 000.

v. A summary of manufacturing expenses applied to production totaled Rs.88, 000.
vi. Work finished and placed in stock cost Rs.260, 000.
vii. All except Rs.44, 000 of the finished goods were so ld. Sales totaled Rs.280, 000 were on account.

REQUIRED: General Journal entries on the factory books and the general office books.

6. A company has two producing departments and two service departments. The departmental expenses for September 2016 were as follows:

PRODUCTION DEPARTMENT	
A = Rs. 1,200	B = Rs. 1,400
SERVICE DEPARTMENT	
C = Rs. 400	D = Rs. 200

The cost of service departments C and D are allocated to the other departments on a percentage basis as under:

COST OF DEPARTMENT C		
10% to A	40% to B	50% to D
COST OF DEPARTMENT D		
80% to A	10% to B	10% to C

REQUIRED: Prepare a statement to show the distribution of the service departments' cost to the producing departments. Show computations.

7. Ahsan Products Co. uses standard cost system. The standard and actual costs data are as follows:

	STANDARD	ACTUAL
DIRECT MATERIAL	10,000 UNIT @ Rs. 4.00	9,800 UNIT @ Rs. 3.50
DIRECT LABOR	5,000 UNIT @ Rs. 6.00	6,000 UNIT @ Rs. 6.50
FACTORY OVERHEAD	50% OF D. LABOR	Rs. 13,500

(a) Calculate:

(i) Material price variance and material quantity variance.

(ii) Labor rate variance and labor time variance.

(iii) Overhead variance.

(b) Give journal entries to record the above information and to close the variance account.

8. The inventory data releasing to an industry is an under:

Opening balance – Jan. 1, 2016	600 units @ Rs. 3
Received in Feb. 2016	300 units @ Rs. 4
Issued in March 2016	500 units
Issued in April 2016	200 units
Received in May 2016	200 units @ Rs. 6

OTHER COST RECORD SHOW:

Direct Labor Rs. 3,000

Factory Overhead 2,000

1,500 units were manufactures cost of which 1100 units were sold @ Rs. 15.

REQUIRED: Compute under FIFO and LIFO

I. Ending Raw Material inventory
II. Raw material consumed
III. Cost of good manufactured
IV. Gross profit

(the business used periodic system)

COST ACCOUNTING 2016

Time: 3 Hours (Private) Max Marks: 100

Instructions: attempt any five Questions in all.

1. The books and records of Moon Light Manufacturing Company presents the following data for the month of February 2017.
    - Direct Labor cost Rs.16,000 which is 160% of Factory Overhead.
    - cost of goods sold 56,000
    - inventory account:

	OPENING	CLOSING
Raw Material	8,000	8,600
Good in process	8,000	12,000
Finished Goods	14,000	18,000

REQUIRED: Compute purchases of raw materials.

Prepare a schedule of cost of goods sold.

2. The following data relate to Dalda Manufacturing Company for its operation for Jan. 2017.

1) Purchases material on account for Rs.32,500.

2) Raw material account shows a debit balance of Rs.10,000 on Jan.1,2017.

3) Direct Labor Cost incurred Rs.50,000. ·

4) Factory Overhead incurred Rs.40,000.

5) The jobs were completed and shipped to customers at a billed price of Rs.1,50,000.

6) The factory overhead is applied on the basis of direct labor cost.

7) Goods in process on Jan.31,2017 contained:

(I) Raw Material Rs.2,950 (ii) Direct Labor Rs.2,250.

REQUIRED:

- Give necessary journal entries for the above transaction
- compute the cost of goods in process on Jan.31,2017.
- Prepare a condensed income statement.

3. Amber Company Ltd. started production from Aug. 1, 2016 on the basis of cost and unit production data, a cost report of department 1 for the month of August is as follows:

INPUT	COST	UNITS
Material requisitioned	84,000	
Labor cost	60,000	1,400
Overhead applied	48,000	
	192,000	**1,400**

complete as to material and 50% complete as to labor and overhead.

REQUIRED:

- Equivalent production units of material, labor and Factory overhead
- Unit cost.
- Missing figures of units 'transferred to Department - II and cost of closing inventory of goods in process.
- Prepare the necessary journal entry to record the cost of
- goods transferred to department – II.

4. Salman Mills Ltd. with its Head Office at Karachi Defense and Factory at Korangi Industrial Area, maintains Factory Ledger and General Ledger. Prepare Journal Entries to record the following transactions in the Head Office OR Factory Office Books.

(i) Material purchased Rs.2,30,000.

(ii) Material was consumed for direct purpose, Rs.1,50,000 and for indirect purpose Rs.20,000.

(iii) Payroll consisting of direct labor of Rs.4,00,000, indirect labor Rs.20,000, Sales salaries Rs.13,000 and Office Salaries Rs.17,000 were paid after deducting 10% Income tax and 5°/o provident fund.

(iv) Finished goods costing Rs.1,50,000 were sold for Rs.2,00,000.

5. Top product Company uses standard cost system. Following data are taken from its cost accounting records:

	STANDARD	ACTUAL
Material	Rate per unit Rs. 6 cost Rs. Total cost 54,000	Rate per unit Rs. 6.20 quantity 9200 units
Labor	Wages per hour Rs. 11 Total Labor hour 1000	Wages per hour Rs. 10.50 Total Labor Cost 110,250.
Factory Overhead	80% of Direct Labor	Total Cost 90,000

REQUIRED: (a) Calculate:

(I) Material Price Variances. (ii) Material Quantity Variances.

(iii) Labor Wage Variance (iv) Labor Efficiency Variances.

(v) Factory Overhead Variance.

(b) Give entries in General Journal to record Actual and Standard costs of direct material, direct labor and factory overhead and their Variances.

6. The following is a weekly payroll summary of MYER Associate.

Employee	Status	Hours Regular	Over Time	Rate Per Hour
Imran	Direct	40	8	50
Kamran	Direct	40	6	50
Adnan	Direct	40	7	60
Arif	Direct	40	--	60
Atif	Indirect	40	--	35

Time and half is paid for overtime.

Deduction:
Provident fund 3%

Employee contribution to group insurance 1.25 %

Required: compute the net pay of each worker.

7. Karachi Enterprises received a special order for manufacture of 500 nits of their product "A" from Mashahid Company. The following costs are incurred for filling the order Direct Material Rs.25,000 and Direct Labor Rs.50,000. Factory overheads were supplied at the rate of 500 0 of Direct Labor.

Additional Costs incurred for re-working so units found defective before dispatch were as under: Direct Material Rs. 2000 and DIrect Labor Rs. 2,000.

REQUIRED:

- Prepare journal entries to record completion of the special order when:
- Job is charged with the cost of defective work.
- Job is not charged with the cost of defective work.
- Calculate per unit cost also the cases.

8. The following data relate to a raw material for Jan. 2017.

Inventory on	Jan. 1	400 units	@ Rs. 14
Receipts	“ 5	500 units	@ Rs. 13.10
Receipts	“ 9	200 units	@ Rs. 12.40
Receipts	“ 25	700 units	@ Rs. 12.10
Issued	“ 12	600 units	
Issued	“ 27	500 units	

REQUIRED:

Prepare inventory cards by. using FIFO and LIFO method.

COST ACCOUNTING 2016

Time: 3 Hours (Regular) Max Marks: 100

Instructions: attempt any five Questions in all.

1. Distinguish the following:

(a) Direct Costs and Indirect Costs.

(b) Fixed costs and Variable costs.

(c) Prime cost and Conversion cost

(d) Manufacturing cost and cost of goods manufactured.

(e) Producing department and service department

2. Naveed Hashami is a manufacturer. The following balances were extracted from the books on 31 Oct 2016

Raw Material	77,000	
Work in process	35,100	
Finished Goods	50,300	
Purchases of raw materials		12,28, 500
Purchases returns of raw materials		28,500
Direct factory wages		4,46, 000
Factory managers salary		3,06, 000
Indirect factory expenses		92,300
Office Salaries		3,62,000

Office expenses		1,86, 000
Distribution cost		2,34 000
Factory plant & machinery at cost		4,00,000
Office equipment at cost		2,40, 000
plant and machinery		1, 08, 000
Provision for depreciation of equipment		15,360
Sales		25,55, 300
Bank		5, 63,600

ADDITIONAL IN FORMATION:

i. Stock at 31 October 2016 valued as followed:

Raw Material	Work in process	Finished goods
87,00.0	41,000	80,300

ii. Direct factory wages Rs.54,000 were accrued. Distribution costs Rs.18,600 were prepaid.

iii. Depreciation is to be charged on factory plant a machinery at 15% per annum using the straight line method. The residual value of plant and machinery is estimated at Rs.40, 000.

iv. Depreciation is to be charged on office equipment at 40% per annum using the diminishing balance method.

REQUIRED:

i. Prepare a statement of cost of goods manufactured

ii. Prepare the statement of cost of good sold

3. Muzafar Rizvi & company reported the following inventories on 01 November 2016.

Raw Material	Work in process	Finished Goods
55,000	66,000	45,000

The company uses the job order accounting system. The following transaction took places during Nov.

a. Material purchased on account Rs. 4,65,000
b. Material requisition for production Rs. 3,90,000 and supplies Rs. 40,000.
c. Material returned supplier Rs. 15,000
d. Accrued payroll Rs. 2, 25,000 including payroll for indirect labor Rs. 25,000.
e. Sundry manufacturing expenses incurred Rs. 2,10,000.
f. F.O.H applied at the rate of 115% of direct labor cost.
g. Goods in process inventory 30th November Rs. 86,000.
h. Finished goods inventory 30th November Rs. 95,000.
i. Sales on account Rs. 9, 40,000.

REQUIRED: Prepare General Journal Entries for each of the above transactions (including entries for Cost of Goods Manufactured, Cost of Goods Sold and closing Factory Overhead account).

4. The Usman Ghori Company uses a general ledger and a factory ledger. The following transaction take place.

Sept 2 Purchased Raw Material for the factory Rs.45,000.

Sept 4 Requisition of Rs.15,000 of Direct Material and Rs.4,000 of indirect material were filled in from the stock room.

Sept 8 Factory payroll Rs.6, 000 for the week was made up at the home office Rs.4, 960 in cash was the factory. Excise duty was Rs. 380 and income taxes were Rs.660 (Rs. 5,260 direct labor and Rs. 740 factory repairs).

Sept 14 Depreciation of rupees 800 for the factory Equipment was recorded (assets are kept on general office book).

Sept 15 A job was completed in the factory with Rs.2, 700 Direct Labor and Rs.1, 500 of the material being previously charged to the job. Factory overhead is to be applied at an overhead rate of 70% of Direct Labor.

Sept 16 miscellaneous factory overhead amounting to Rs.1, 600 was vouched and paid.

Sept 17 the completed job was shipped to Latif on instructions from Head Office. Customer was billed for Rs.7, 700.

REQUIRED: Journal entries on the factory books and the general office books.

5. The following information relates to the goods in process No. 4 of asim manufacturing for the month of November 2016.
   - Goods in process Inventory 1st November (30,000 units 100% completed as to material and 60% completed as to conversion cost) Rs.5, 74, 000.
   - Cost of 1, 20, 000 units transferred in from process No.3 during November Rs.12, 00, 000.
   - Manufacturing cost added in Process No.4 during Nov.

Direct Material	Direct Labor	Factory overhead	Total
4,80,000	2,24,000	4,48,000	29,26,000

On 30th November 40,000 units are still in process No.4 which are 100% completed as to material and 50% completed as to conversion cost.

<u>REQUIRED:</u>

A). Prepare cost of production report.
B). Given general journal entries to record:

- Transfer of 1,20,000 units from process No. 3 to Process No. 4
- Manufacturing cost added in process No. 4 to November.
- Transfer of 1,10,000 units from process No.4 to finished goods warehouse.

6. Ghori Fabricators is producing Lot No.55 which called for 600 dresses. The following cost were incurred:

Direct Material	Direct Labor	Factory overhead

Rs. 600 per day	Rs. 413 per day	Rs . 337 per day

When the lot was completed, inspection rejected 20 spoiled dresses which were sold for Rs. 810 each.

REQUIRED:

I. Journal Entries if the loss is to be charged to lot No. 55.

II. Journal Entries if the loss is to be is to be charged to all production of the fiscal period.

7. Abdul rafay employed by a company submitted the following labor data for the first week of june 2016.

Monday	Tuesday	Wednesday	Thursday	Saturday
270 units	210 units	300 units	240 units	260 units
08 hours	08 hours	08 hours	08 hours	08 hours

REQUIRED: prepare a schedule showing Abdul Rafay's weekly earnings, the effective hourly rate and the labor cost per unit, assuming that company uses 100% bonus plan with a wage rate of Rs.15 per hour and the standard production rate is 30 units per hour.

8. **(a)** Daniyal Raza Manufacturer uses a standard cost system. The per unit cost of production, assuming a normal volume of 1,000 units per months Is as follows:

	Unit Cost
Direct Material 10 kg @ Rs.13 per kg.	Rs.130
Direct Labour 5 hours @ Rs.8 per hours	Rs.40
Factory Overhead Applied	
Fixed Cost (15,000/1,000)	Rs.15
Variable Cost	Rs. 7

During the month the products were produced at the following actual cost.

	Unit Cost
Direct Material 11 kg @ Rs.12 per kg.	Rs.132.00
Direct Labour 5.5 hours @ Rs.7.80 per hours	Rs.42 .90
Overhead Rs.18,480 for 800 units	Rs.23 .10
	Rs.132.00 Rs.42 .90

REQUIRED: Compute: factory overhead controllable & volume variance.

8 .**(b)** The work in process account in the general ledger of Arbab Co. appears as follows:

Material 55,000

Payroll 60,000

Job completed 90,000

Applied FOH 15,000

There was only one job in process. The material charged to this job amounted to Rs.15,000.

REQUIRED:

Calculate Labour and Factory Overhead charged to this incomplete job. The FOH is applied to production on the basis of Direct Labour Cost.

COST ACCOUNTING 2015

Time: 3 Hours (Private) Max Marks: 100
Instructions: attempt any five Questions in all.

1. **MANUFACTURING CONCERN:**

Consider the following information taken from the books 0f SAHAB Industry, for the quarter ended Dec.31 2015

INVENTORIES		**Oct. 1. 2015**	**Dec. 31, 2015**
Material		Rs.40,000	RS.30,000
Finished Goods	7500 units	Rs.60,000	
	1500 units		Rs?

OTHER INFORMATION:

Material Purchased Rs.2, 90,000
Direct Labor Cost 75% of Material used
Factory Overhead Cost 150% of Prime Cost
Sold 80,000 units @ Rs.24 each
Operating Expenses 45% of Gross Profit

REQUIRED:

(i) Number of units manufactured during the period.
(ii) Cost of ending Finished Goods Inventory under FIFO
(iii) Gross Profit (IV) Net Income per unit sold.

2. **FACTORY LEDGER I GENERAL LEDGER:**

NOBEL Industries maintains both General Ledger and Factory Ledger. The transactions completed by them during November 2015 are:

Nov.4 Purchased Raw Material for Rs.75, 000 with terms 2/10, N/30.
Nov.6 Direct Material of Rs, 7,500 and Indirect Material costing Rs.2, 750 was issued from stores.
Nov.8 Head Office prepared weekly Factory payroll of Rs.6, 000.This includes Rs.105 excise duty and Rs.245 income taxes. For remaining cash was sent to factory. (Of this Rs.3, 650 for Direct and remaining for Indirect Labor
Nov.21 Depreciation on Factory Equipment was recorded Rs.10, 500.
Nov.26 The factory completed a job with Material cost of Rs.2, 500 and Direct Labor cost Rs.3, 750. Factory Overhead is app lied @ 120% of Direct Labor.

Nov.26 Other Indirect manufacturing expenses paid by Head Office amounted to Rs.750.
Nov.30 The completed goods were sold at 170°/o of cost on credit.

REQUIRED:

Entries in proper General Journal Form in the books of:

(i) General Office (ii) Factory Ledger

3. JOB ORDER COSTING:

ALEENA Company uses Job Order Cost System. The following information was extracted from their books for the month of December 2015.

(a) Purchased material for Rs.2, 00,000 including for cash Rs.60, 000.
(b) Issued Direct Material to process Rs.1, 00,000.
(c) Direct Labor cost assigned to production Rs.1, 20,000.
(d) Overhead is applied @ 75% of Direct Labor cost.
(e} Actual Factory Overhead cost incurred on a/c. Rs.98, 000
(f) Job with total cost of Rs.2, 40,000 was completed.
(g) Finished goods costing Rs.2, 10,000 were sold on account to Rs.3, 20,000.

REQUIRED: Record General Journal Entries including an entry to close factory overhead account.

4. PROCESS COSTING:

The following information was taken Company for the month of December 2015 from CORAL

Cost of Units in process (Dec. 1)	90,000
Cost of Raw Material used	2,22,000
Direct Labor cost	1,72,800
Factory Overhead cost incurred	1,29,600
The data extracted from the production report relating to above process are as follows	
Units in process (Dec. 1) (40°/o completed as to material and 60% as to conversion)	15000
Units placed in production during Dec	39000
Units completed during Dec	45,000
Units in process (Dec. 31) (60°/o completed as to material and 80% as to conversion	?

REQUIRED:

(a) Equivalent Production in units. (b) Cost per unit
(c) Total cost of units completed.
(d) Cost of units in process as on Dec. 31, 2015.

5. STANDARD AND VARIANCE:

(a) (i) Standard Material Cost Rs.95,000, Material Quantity Variance Material (Unfavorable) Rs.5,000, Material Price (Favorable) Rs.7,000. Find Actual Cost of material
(ii) Labor Time Variance (Favorable) Rs.9,000, Labor Rate Variance (Unfavorable) Rs.4,000. Actual Labor Cost Rs.1, 10,000. Find Standard Labor Cost.
(iii) Standard Factory Overhead cost Rs.1,65,000, Actual Factory Overhead cost Rs.1,80,000. Find Factory Overhead Variance.

(b) Record entries in General Journal for (i), (ii) and (iii) of above.

(c)

Material Quantity Variance (Unfavorable)	7,000
Material Price Variance (Unfavorable)	5,000
Labor Time Variance (Favorable)	9,000
Labor Rate Variance (Unfavorable)	14,000
Factory Overhead Variance (Favorable)	2,000

REQUIRED:
(i) Give an entry to close above variances.
(ii) Determine the total variance indicating whether it is favorable le or unfavorable.

6. INVENTORY VALUATION:

ABDULLAH Company uses perpetual basis for recording material inventory. The following information relates to specific type of material, ASN-6182:

Dec.1	Balance 900 Units @ Rs.15 each
"4	Purchased 3600 Units for Rs.50 400
"8	Issued 1500 units to the Job.
"10	90 defective Units returned to store room Issued on December 8.
"13	Issued 1800 units to the Job.
"18	Purchased 3000 Units @ Rs.16 per unit
"24	Purchased 1500 Units @ Rs.17 per unit
"27	Issued 1500 units to the Job.
"30	Returned to the vendor, 50 Units Purchased on December 24.

REQUIRED:
Prepare inventory Card using (I) FIFO (II) LIFO method

7. DEPARTMENTALIZATION:

SHAH TABR AIZ Company has two services departments and two producing departments. Departmental expenditures for the month of December 2015 were as follows:

Producing Department	**Actual factory overhead cost**
A	Rs. 60,000
B	Rs. 70,000
Service Department	
C	Rs. 20,000
D	Rs. 10,000

Cost Allocation Plan

	A : B : C
Cost of C to	1 : 4 : 5
	A : B : C
Cost of D to	8 : 1 : 1

REQUIRED: Using Algebraic Method, prepare a table showing Distribution of Costs of Service Departments to producing Departments.

8. LABOUR COSTING:

Following is the weekly payroll summary of Ghazi Associates:

Employees	Status	Regular Hours	Overtime Hours	Rate Per Hours
Irfan	Direct	40	8	Rs.50
Karan	Direct	40	6	Rs.50
Munawar	Direct	40	7	Rs.50
Rashid	Direct	40	--	Rs.50
Anwar	Indirect	40	--	Rs.50
Arif	Indirect	40	10	Rs.50
Majeed	Indirect	40	--	Rs.50

Time and half paid for overtime.

DEDUCTIONS:

(i) Provident Fund @ 3%

(II) Employee's contribution to group insurance @ 1.25%

REQUIRED: Compute the net pay of each worker.

COST ACCOUNTING 2015

Time: 3 Hours (Regular) Max Marks: 100

Instructions: attempt any five Questions in all.

1. MANUFACTURING CONCERN:

Record of Muqeem and Baber shows the following information for 2015

Sell 500 TV sets	Material purchased	Direct labor	FOH (2/3 of direct labor)	Selling expense	General Expense
1000000	300000	?	200000	5% of sale	10% of sale

Inventory Jan. 1, 2015		Inventory Dec. 31, 2015	
Material	50,000	No unfinished work on hand	-----
Finished Goods (50 T.V sets)	70,000	Finished Goods (70 T.V sets)	?
		Material	70,000

REQUIRED:

(a) The number of units manufactured.

(b) Income Statement for the year ended Dec.31, 2015

(c) Unit Cost T.V. manufactured

(d) Finished good ending inventory using FIFO.

(e) Gross Profit per unit sold

2. FACTORS LEDGER AND GENERAL LADGER:

During the month of January 2015 the following trar1sactions were completed by Nafees Industries_______________:

(i) Purchased material Rs.90, 000 and other manufacturing supplies Rs.17, 520.

(ii) Labor was consumed as follows:

For Direct purposes 58,400

For Indirect purposes 10,000

(iii) Payroll totaling Rs.68, 200 was paid. Company withheld wages 5% for income tax, 2% for social security tax and 5°/o as provident fund. The Company contributes towards provident fund equal to the amount withhold as provident fund.

(iv) Material was consumed as follows:

For Direct purposes 72,160

For Indirect purposes 10,000

(v) A summary of manufacturing expenses charged to production totaled Rs.44, 000.

(vi) Work finished and placed in stock Rs.1, 30,000.

(vii) All except Rs.22, 000 of the finished goods were sold.

Total sales of Rs.1, 40,000 were on account

REQUIRED:

Journal entries in general ledger & factory ledger

3. JOB ORDER COSTING:

The following data relate to Raza Manufacturing Company for its operation for the year ended Dec.31, 2015.
Raw Material Purchased on account Rs.2, 00,000

Material issued to Factory:

Direct 140000
Indirect 20000

Labor used:

Direct labor for production 240000
For general use 24000

Other FOH cost incurred on account 1, 80,000

FOH @90% of direct labor have been applied. Cost Goods valued Rs.5, 16,000 were transferred from factory to go down as complete. Finished goods costing Rs.66, 000 were in the ending inventory & the rest were sold at 20°10 above cost

REQUIRED:

(a) General Journal Entries to record the above transactions and to close the FOH account
(b) Work in process, finished goods and Factory overhead accounts.

4. FACTORY OVERHEAD COSTING:

Factory overhead for Mustafa Manufacturing Company Has been estimated as follows:
Fixed FOH Cost Rs.30, 000
Variable FOH Cost 90,000
Estimated Direct Labor Hours 20,000
Production for the month reached 80% of the budge and the actual FOH cost totaled Rs.86, 000.

REQIJIRED:

(a) FOH Application Rate
(b) Under or over applied FOH
(c) Spending Variance
(d) Idle capacity variance

5. ALLOCATION OF SERVICE DEPARTMENTS' OVERHEADS TO PRODUCING DEPARTMENTS

A Company has decided to distribute the cost of service Department by the simultaneous equation method. The producing departments are A 1, A2 and Service Departments are B1, B2. The monthly data are as follows

	Actual FOH cost to be distribution	Service department by	
		B1	B2
A_1	282000	40%	50%
A_2	255000	50%	30%
B_1	60000		20%
B_2	52800	10%	

REQUIRED:

Total Factory Overhead of Producing Department A1 and A2 after distribution of Service Department Cost.

6. INVENTORY LEDGER AND VARIANCES:

SANA Company produces a product from one basic Raw Material. During one week of operation the material I d card reflected the following:

Opening Balance	1400 Lbs @ Rs.1.60 per Lb.
Received	1000 Lbs @ Rs.1.80 Per Lb.
Issued	800 Lbs
Issued	800 Lbs
Received	1200 Lbs @ Rs.2.00 per Lb.
Issued	800 Lbs

Other cost for the week were

Direct Labor cost 1800

FOH Cost 1490

1770 Units were completed and 1500 Units were 1d. There was no beginning Inventory of Finished goods and no work is left in Process Over the week end

REQUIRED:

(a) Inventor y Ledger Card under FIFO and LIFO Methods.

(b) Ledge r account for Material, Work in process, Finished good and Cost of Goods sold under FIFO Method.

7. LABOUR COSTING:

10 men crew works as team in processing department. Each is paid a bonus if his group exceeds the standard production of 200 kilogram per hour. For calculating the amount of bonus, the percentage by which the group's production extends the standard is determined first. One half of this percentage is then applied to a wage rate of Rs.480 to determine the hourly bonus rate. Each man in the crew is paid a bonus for his group's excess production in addition to the wages at hourly rate.

Days	Hours worked	Production in kg
Monday	79	16040
Tuesday	80	17599
Wednesday	74	16200
Thursday	78	17429
Friday	80	18036

REQUIRED: On the basis of production record

(a) The Group Bonus for each day and for the week.

(b) The weeks earning for each employee assuming that each worker earns Rs.480 per hour and each worked the same number of hours in the week.

8. PROCESS COSTING:

The following information was taken from the books of Kashif Steel Works for the month 0f January 2015

Cost of Units in process at beginning of Jan.2015	60,000
Cost of material placed in production	2,74,800
Direct Labor Cost incurred	1,68,000
FOH Cost incurred	2,01,600

The data extracted from the production record relating to the above process are as follows:

Units in Process at beginning of Jan	2000 units
(40% complete as to material and 60% complete as to conversion cost)	11000 units
Units placed in production	
Units in process at end	3000 units
(75% complete as to material and 80% complete as to conversion cost)	

REQUIRED:

(a)

(i) Equivalent Production Unit.

(ii) Total Cost of Units completed under (FIFO) Flow of Cost.

(iii) Total Cost of Units in Process at the End.

(b) General Journal Entries to record the cost charged to production and production completed

COST ACCOUNTING 2014

Time: 3 Hours (REGUALR) Max Marks: 100

Instructions: attempt any five Questions in all.

1) JOB ORDER COSTING:

Mehran Manufacturing Company uses job order system. The following data are for April2012:

a. Raw material purchased for cash Rs.20,000.

b. Raw material purchased on account Rs.10,000.

c. Raw material requisitions and direct labour hours:

Job No.	Row Material (in Rs.)	Direct Labour Hours
2A	Rs.7,000	250
3B	Rs.5,000	380
5D	Rs.3,000	400
7F	Rs.,000	120
8G	Rs.2,000	210

d. Factory overhead applied @ Rs.S per direct labor hour and direct labour cost @ Rs.7 per direct labour hour.

e. Depreciation of office premises Rs.2,000 and for factory machinery Rs.4,000.

f. Factory overhead incurred on account Rs.500 per job.

g. Job number 38,7F and 8G were completed and transferred to stockroom.

h. Job number 7F and 8G were sold on account for Rs.13,000 and Rs.16,000 respectively.

REQUIRED:

i. Pass entries in General Journal.

ii. Setup T-accounts for raw material, work - in - process, finished goods and factory overhead. Close and balance the accounts as the case may be.

2) MANUFACTIJRING CONCERN

Following data have been extracted from the books of Shadab Manufacturing Co.:

Finished goods inventory (opening)	Rs.120,000
Work in process (opening)	10,000
Freight in	5,000
Factory overhead (80% of direct labour)	120,000
Raw material inventory (opening)	10,000
Purchase of raw materials	?
Material returned to supplier	3,000
Work in process (ending)	80,000
Gross profit (20% of sales)	60,000
Cost of goods manufactured	300,000
Raw material inventory (ending)	12,000

REQUIRED:

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

(b) Compute sales revenue.

3) PROCESS COSTING

United Cycle Manufacturing Company supplied the data relating to goods in process account of its frame department for September 2012:

Beginning inventory in process	45,000
Raw material used	74,000
Direct labour used	90,000
Applied factory overhead	90% of D. Labor
Production report for September 2012:	
Units in process September l, 2012 (100% completed as material and 50% completed as conversion cost)	6000 units
Units put in process during the month	32000 units
Units completed and transferred to painting department	28000 units
Units In process September 30,2012 were 90% completed as material and 50% completed as conversion cost	?

REQUIRED

A). Compute:

i. Equivalent production units.

ii. Units cost

iii. Cost of units transferred to painting department.

B) . Pass general Journal entries for:

i. Unit cost.

ii. Cost charged to frame department.

iii. Cost transferred to painting department.

COSTACCOUNTING 2014

Time: 3 Hours (Private) Max Marks: 100

Instructions: attempt any five Questions in all.

1. Determine prime cost, conversion cost, factory cost and total cost from the following information:

Material purchased	58,000
Transportation- in	12,000
Material returns to Supplier	10,000
Factory Wages	60,000
Indirect Material	5,000
Direct Labor	20,000
Utilities (2/3 used by factory)	12,000
Factory Depreciation	7,000
Other indirect factory expenses	10,000
General office salaries	28,000
Delivery Expense	5,000
Advertising Expense	15,000
Depreciation – Office Equipment	6,000
Sales Salaries	12,000
Office supplies Expense	3,000

Inventories: Material(beginning) Rs.12,000;(ending) Rs.10,000.

Work- in - process (beginning) Rs.25,000;(ending) Rs.27,000.

2. The following information is supplied by Ahsan Corporation:

a) The inventory of material costing Rs.4,000 and represented a book quantity of 8,000 units. An actual count showed 7,800 units. (Normal loss).
b) Materials of Rs.150issued to Job 182 should have been charged to the repair department.
c) Excess materials returned from the factory amounted to Rs.382 for Job 257.
d) Material returned to vendor amounted to Rs.165. Freight out Rs.14 on this shipment, to be borne by the company, was paid in cash.
e) Materials requisitions totaled Rs.4,815 of which Rs.215 represented supplies used.
f) Scrap materials sent to the storeroom valued at sale price; from direct mater also Rs.190 and from supplies Rs.10.
g) Scrap materials was sold for Rs.250 cash; the book value of the scrap was Rs.200.

REQUIRED:

Entries in journal to record the above information.

3. Naeem Industries prepared the following in order to determine the factory overhead in producing departments for the year 2014:

Factory Overhead Cost -Producing Deportment		Total cost - Service Department		
H	G	U	V	W
Rs.107 000	Rs.174,000	Rs.30,000	Rs.34,000	Rs.15,000

Additional Data Needed for Allocation of Factory Overhead:

Cost of department U, H, G, V, and W in the ratio of 4:3:2:1respectvely. Cost of department V to H,G and W,in the ratio of 2:1:1respectively. Cost of department W to H and G, in the ratio of 3:1 respectively.

REQUIRED:

Allocate the total cost of service department,assuming the cost of department U is allocated first, of v second and of W last.

4. Amjad Company uses job order costing. Following is the information selected from the company's records for the month of June 2014:

Job No.	Direct Material	Direct Labour Hours
A	Rs.30,000	5,000
B	Rs.42,000	6,000
C	Rs.31,000	4,000
D	Rs.50,000	8,000
E	Rs.25,000	7,000
F	Rs.38,000	2,000

Direct labour is charged to job @ Rs.10 per direct labour hour and factory overhead is charged to job @ Rs.5 per direct labour hour.Actual factory overhead Is Incurred Rs.155,000. During June, Job A, B,D, E and F were completed.Job A, D and E were shipped to customers at a pr ice 40% above cost.

REQUIRED:

Journal entries to summaries the above transactions.

5. The production and cost data of Noman Manufacturing Company for Process No.3 for the month ended January 31,2015 are as under:

	UNIT	COST
Goods in process (Beginning 20% complete)	10,000	42,000
Material received from process No. 2	80,000	800,000
Cost Added:		
Direct Labor	---	205,000
Factory Overhead	---	697,000
Complete and transferred to finished good store	75,000	?
Goods - in - process (ending 60% completed)	15,000	?

REQUIRED:

a. Determine the following:

- Equivalent production units.
- Unit cost.
- Total cost of completed units.
- Cost of units still in process at January 31,2015.

b. Journal entries to record the above.

6. Asif Company Limited uses general ledger and factory ledger.Inventory accounts,a payroll clearing account for factory employees and factory overhead control account are kept at factory; plant assets and accounts payable are the part of general office books.The following transactions took place:

I. Purchase material on account for Rs.60,000.

II. Returned material of Rs.5,000 to the supplier on account.

III. Material of Rs.40,000 issued as direct material and Rs.10,000 as indirect material.

IV. Direct material of Rs.2,000 &Indirect material of Rs. 1,000 were returned to store from factory.

V. Total factory payroll paid was Rs.100,000.Factory labour consists of 80% direct & 20% indirect.

VI. Factory depreciation was charged at Rs.16,000.

VII. Other factory overhead cost incurred on account Rs.30,000.

VIII. Factory overhead is applied @ 120% of direct labour cost.

IX. Jobs were completed to the extent of Rs.150,000.

X. Finished goods costing Rs.120,000 were sold at 30% above cost.

REQUIRED:

Journal entries in the factory books.

7. **(a).** The following costs and variances for direct material and direct labour relate to the business of Chohan Industries for the month of September 2014:

Direct Material	Rs. 120,000	Actual Cost
Price variance	Rs. 55,000	Unfavorable
Quantity Variance	Rs. 12,500	Favorable
Direct labor	Rs. 480,600	Standard
Rate variance	Rs. 32,500	Favorable
Efficiency Variance	Rs. 10,500	Unfavorable

REQUIRED:

Standard cost of direct material and actual cost of direct labour.

(b). Normal operating capacity of Zulfiqar Manufacturing Company is estimated to be 475,000 units per month.At this level of activity,fixed overhead is estimated to be Rs.171,000 and variable overhead Rs.209,000.During November 2014, company produced 500,000 units. Actual overhead for the month totaled Rs.39,000.

REQUIRED:

Spending and idle capacity variance.

8. **(a).** Define cost accounting.

(b). Distinguish between the following:

i. Direct materials and indirect materials.

ii. Direct labour and Indirect labour.

iii. Fixed cost and variable cost.

iv. Actual factory overhead and applied factory overhead.

v. Prime cost and conversion cost.

vi. Manufacturing cost and cost of goods manufactured.

vii. Producing department and service department.

viii. Period cost and product cost.

COST ACCOUNTING 2013

Time: 3 Hours (Private) Max Marks: 100

Instructions: attempt any five Questions in all.

1. **ACCOUNTING FOR MANUFACTURING:**

The information below Is taken from the financial statement of Craftsman Products at the end of the year 2012:

Goods in process inventory - ending = 50,000

Cost of raw material used = 260,000

Direct labor = ?

Factory overhead (250% of direct labor cost) Cost of goods manufactured = 602,000

REQUIRED:

(a) Compute the cost of goods in process at the beginning of the year 2012.

(b) Prepare statement of cost of goods manufactured.

2. **PROCESS COSTING**

All Industries Ltd.experienced the following activity In Its finishing department during December:

UNITS:

Work in process,November 30,(60% complete as to direct materials,80% complete as to conversion work)	8000 Units
Transferred in from heating department during December	31000 units
Completed during December	26000 units
Work in process,December 31,(60% complete as to direct materials,80% complete as to conversion Cost)	13000 units

COST:

Work in process,November 30	59,000
Transferred in from heating department during December	102,300
Direct material added during December	75,500
Conversion cost added during December	102,000

REQUIRED:

(1). Compute the number of equivalent units produced by the finishing department during December.Use the FIFO method.

(2). Compute unit costs,and apply total cost to:

(a) Units completed and transferred to finished goods.

(b) Units In December 31workIn process Inventory.

3. **JOB ORDER COSTING :**

A Manufacturing Company job cost records yield the following information. The Co. Has a perpetual inventory system:

Job No.	Dote			Total Costs of Job at June 30	Total Manufacturing Costs Added to July
	Started	Finished	Sold		
t	May 26	June 07	June 09	Rs.700	-
2	June 03	June 12	June 13	1,700	-
3	June 03	June 30	July 01	2,400	-
4	June 17	July 24	July 27	200	Rs.500
s	June 29	July 29	August 03	400	1600
6	July 08	July 12	July 14	--	800
7	July 23	August 06	August 09	--	300

8	July 30	August 22	August 26	--	2,900

COST ACCOUNTING 2012

Time: 3 Hours (Private) Max. Marks: 100

Instructions: Attempt Two Questions.

1. ACCOUNTING FOR MANUFACTURING:

The following data have been taken from the books of Mehmood Manufacturing Ltd. for the year 2010 - 2011:

Inventories	July 1st	June 30th
Raw Material	16,000	20% more than the beginning inventory
Goods in process	24,000	10% less than the beginning inventory
Finished Goods	12,000	26,000

Date for the year:

Sales	480,000
Purchased Raw Material	110,000
Purchased Discount	2,000
Direct Labor	90,000
Factory Overhead	98,000
Operating Expense	70,000

REQUIRED: Prepare:

(a) Statement of Cost of Goods Manufactured (b) An Income Statement (c) Closing Entries

2. PROCESS COSTING:

Given below is November units and cost data fora manufacturing firm that uses FIFO costing:

Beginning units in process (50% direct material 1.5%,conversion cost)	135,000 units
Work in process inventory beginning	Rs.472,500
Units transferred in during the period 420,000 which cost.	Rs.588,000
Cost added during this per od:	Rs.812,700
Direct material	Rs.676,260
Direct labor	Rs.487,305
Factory overhead	430,000 units
Units transferred out to finished goods inventory	125,000 units
Ending units In process (75% direct material,25%conversion cost)	135,000 units

REQUIRED:

i. Calculate the equivalent units of production.
ii. Per unit cost production.
iii. Cost of units Transferred to finished good inventory.

iv. The cost of unit process at end.

3. **STANDARD COSTS:**

The standard cost and variances for July 2012 are as follows:

	Standard Cost	Unfavorable	Favorable
Direct materials	9,000		
Price variance		48,000	
Quantity variance			30,000
Direct labor	180,000		
Rate variance			18,000
Efficiency variance		54,000	
Factory overhead	27,00,000		
Spending variance			36,000
Volume variance			24,000

REQUIRED:

Find out the following:

(a) Actual cost of:

(i) Direct materials (ii) Direct labor (iii) Factory overhead

(b) Entries in general journal:

(i) To record the above information. (ii) To close the variance accounts.

COST ACCOUNTING 2012

Time: 3 Hours (Private) Max. Marks: 100

Instructions: Attempt Two Questions.

1. **ACCOUNTING FOR MANUFACTURING CONCERN:**

Faraz Motors Ltd. started and completed 100 motorcycles during the year at a cost of Rs.26, 000 per unit. 88 of these completed motor cycles were sold for Rs.40, 000 each. In addi1ion the company had 10 partially completed motor cycles in its factory at year end. The total costs incurred during the year were as under:

Direct material used	Rs.700,000
Direct labor applied to production	Rs.800,000
General & admin Expense	Rs.480 000
Manufacturing overhead	160% of direct labor cost
Selling expense	Rs.500,000

REQUIRED:

Compute for the current year:

(a) Total manufacturing cost charged to work in progress

(b) Cost of goods manufactured

(c) Cost of goods sold

(d) Gross profit on sales

(e) Net profit

(f) Ending inventory of work in process and finished goods.

2. PROCESS COSTING:

Arif Co. uses process cost system. The following information is available as to the cost of production and the number of units worked upon during May 2012. Costs charged to production department:

Work in process: May 01,2000 units (60% complete as to material and 40% complete as to conversion cost)	Rs.50,800
Direct material	Rs.274,800
Direct labor	Rs.112,000
Factory overhead applied as 160% of direct labor cost	?
Units placed in production during May	11,000
Work in process on May 31,2012.3,000 units (50%complete as to materials and 40% complete as to conversion cost)	

REQUIRED:

i. Compute Factory Overhead and completed units.
ii. Compute equivalent full units of production during may for material, labor and factory Overhead.
iii. Find Cost of finished goods per unit.
iv. Cost of Units completed
v. Cost of ending inventory of goods in process.

3. STANDARD COST AND VARIANCES:

Ahsan Corporation uses standard cost system. Following information were taken from its cost records for the month of June 2012:

	STANDARD	ACTUAL
Direct Material	Rate per unit Rs.8/= Total units 9,000	Rate per unit Rs.12/= Total cost Rs.96,600
Direct Labor	Wage per hour Rs.15/= Total cost Rs.150,000	Wage per hour Rs.16.5/= Total hours 10,500
F. Overhead	85% of direct labor cost	Total cost Rs.120,000

REQUIRED:

a) Compute:

(i) Material price variance (ii) Material quantity variance (iii) Labor rate variance

(iv) Labor efficiency variance (v) Factory overhead variance

b) Give entries in General Journal to record standard and actual costs of direct materials, direct labor and factory overhead and their variances.

COST ACCOUNTING 2011

Time: 3 Hours (Private) Max. Marks: 100

Instructions: Attempt Two Questions.

1. MANUFACTURING CONCERN:

GIVEN The following data relate to a manufacturing company for the year 2010:

Purchase of direct material	Rs.440, 000
Direct material used	Rs.450, 000
Direct labor paid during the year	Rs.325, 000
Direct labor assigned to product on	Rs.350, 000
Manufacturing overhear	Rs.400, 000

During the year 122,000 units were manufactured and 125,000 units were sold. Selected information concerning inventories during the year is as follows:

	Jan, 1	Dec, 31
Material	Rs. 50,000	?
Work in process	Rs. 90,000	Rs. 70,000
Finished Goods (15,000 units beginning)	Rs. 135,000	?

REQUIRED

(a) Cost of goods manufactured.

(b) Average unit cost.

(c) Cost of goods sold assuming FIFO method.

(d) Ending inventories of:

(i) Material (ii) Finished goods

2. JOBORDERCOSTING

GIVEN The Hamza Printers Pvt ltd. uses job order cost system. The transactions for the month of September, 2011are given below:

a) Material purchased on account Rs. 5,800, 000 including 16% sales tax.

b) Material requisition for production Rs.3, 500, 000and supplies Rs.500, 000.

c) Material return to suppler Rs.116, 000 including 16% sales tax.

d) Accrued payroll Rs.825, 000 including payroll for indirect labor Rs.125, 000.

e) Paid factory electric ty bill Rs.425, 000 Including sales tax Rs.57, 600 and income tax Rs.7, 400.

f) Paid factory gas bill Rs.16, 240 including sales tax Rs.2, 240.

g) Other manufacturing expenses incurred Rs.150, 000.

h) FOH applied at the rate of 175% of direct labor cost.

i) Goods in process inventory on September 30, Rs.542,500.

j) Finished goods inventory on September 30,Rs.882,500.

k) Sales on account Rs.6,032,000 including 16%sales tax.

REQUIRED:

Prepare General Journal entries for each of the above transactions including entries for cost of goods sold and closing factory overhead account.

3. STANDARD COSTS:

GIVEN The following are actual costs and variances for direct materials and direct labor for the month of April, 2011:

	Actual Cost	***Variances***	
		Unfavorable	*Favorable*
Direct material	90,000		
Price variance		7,000	
Quantity variance			5,000
Direct labor	160,000		
Rate variance			4,500
Efficiency variance		10,500	

REQUIRED:

- **i.** Standard cost of direct material and direct labor.
- **ii.** Entries in the General Journal to record the above information and to close the various variance accounts.

COST ACCOUNTING 2011

Time: 3 Hours (Regular) Max. Marks: 100

Instructions: Attempt Two Questions.

MANUFACTURING CONCERN:

GIVEN The accounting records of Asim Corporation contain the following information: Inventories July 1, 2011:

Raw material Rs.132, 000 Goods-in-process Rs.97, 200 and finished goods Rs.144, 600.

Inventories at July 31, 2011:

	Raw Material	Goods in Process	Finished Goods
Raw Material	1,44,000	38,000	1,30,000
Direct Labor		24,000	90,000
Factory Overhead		?	72,000
	1,44,000	?	2,92,500

Data for the month ended July 31,2011:

Cost of goods manufactured Rs.2, 430, 000, Factory overhead (80%of direct labor) Rs.535,200. The company also paid transportation costs of Rs.90, 000 on materials purchased. It received credit of Rs.48, 900 for material returned to suppliers.

REQUIRED:

Prepare a statement of cost of goods manufactured for the month ended July 31, 2011. Some information needed for this statement is not listed above but can be computed from the data given.

COST ACCOUNTING - PROCESS COSTING:

GIVEN The following information pertains to the goods in process No. 4 for the month of November, 2010:

Goods in process inventory November 1, (25,000 units 75%complete as to materials and 50% complete as to conversion costs)	450,000
Cost of 150,000 units transferred in from process No. 3 during November	700,000
Manufacturing costs added in process No. 3 during 4 November:	
Direct material	280,000
Direct labor	125,000
Factory overhead	375,000

On30 November 50,000 units are still in process No. 4 which are 75%complete as to materials and 50% complete as to conversion cost.

REQUIRED:

Prepare Cost of Production Report for process No. 4 and pass General Journal entries.

4. **STANDARD COSTING:**

GIVEN Usman Company uses standard cost system. Following data are taken from its cost accounting records:

	Standard	Actual
Raw Material	Rate per u it Rs. 9 total cost Rs. 54,000	Rate per unit Rs.9.2 Quantity 9,200 units
Direct Labor	Wage per hour Rs.12 Total labor hours 10,000	Wage per hour Rs.10.5 Total labor cost Rs.110,250/=
Factory Overhead	80%of direct labor cost	Total cost Rs.90,000/=

REQUIRED

a) Calculate:

(i) Materials price variance.

(ii) Materials quantity variance.

(iii) Labor wage variance.

(iv) Labor efficiency variance.

(v) FOH variance.

b) Give entries in General Journal to record actual and standard costs of direct materials, direct labor and FOH and their variance.

COST ACCOUNTING 2010

Time: 3 Hours (Private) Max. Marks: 100

Instructions: Attempt Two Questions.

1. JOB ORDER COSTING:

Ashar Engineering Works produces robotic arms according to customer's specification.

At November l, 2009 the jobs were in process:

Job No.	*Material Cost*	*Labor Cost*	*F. Overhead*
201A	4,000	2,000	20% of D. Lab.
215 8	8,000	4,000	15% of D. Lab.
230 C	8 300	2,200	1/4 of D. Lab.

Additional costs to complete the products during Nov. MaterialRs.20, 000 allocated as follows:

Job No. 201A 40%	Job No. 201A 40%	Job No. 201A 40%

Labor charges Rs.4, 000 per job and factory overhead apply to all the jobs at 20%of direct labor.

Units selling Price:

Job No. 201 A Rs. 4.4	Job No. 201 A Rs. 4.4	Job No. 201 A Rs. 4.4

All jobs were completed and sold during November.

<u>REQUIRED:</u>

Prepare journal entry to record transfer of the jobs to the finished goods account.

2. PROCESS COSTING

GIVEN Nasr Medicine Inc. uses two processing departments (department X and department Y) to manufacture its products. The cost accounting department obtained the following information for the month of September, 2009:

	Department X	*Deportment Y*
Beginning units in process	--	---

Units started in process	40,000	-
Units received from other department	--	35,000
Ending units in process	5,000	5,000
Direct material	31,500	…
Direct labor	24,180	15,680
Factory overhead applied	21,700	13,440
Material	100%	---
Conversion cost	1/5	2/3

REQUIRED:

i. Determine the equivalent units of production for each department and unit cost of product at each department.
ii. Pass the entries in the General Journal for goods completed and transferred to finished goods.

3. STANDARD COSTING

Following information relate to business of Zaltoon Co.

The actual direct material 5, 000 units @ Rs.6.

The direct material price variance Rs.320 adverse (unfavorable).

The direct material quantity variance Rs 410 favorable.

REQUIRED

Compute the amount of standard cost and prepare necessary journal entry.

(b) Following information has been extracted from the cost records of Mahrukh Pharma Company:

STANDARD COST:

Material	Labor	Factory Overhead
1000 units @ Rs. 7 per unit	1300 Hours @ Rs. 9 per hours	Rs. 2.50 per direct labor hour

ACTUAL COST:

Material	*Labor*	*Factory Overhead*
1,200 units @ Rs.6 per unit	1,250 hours @ Rs.8 per hour	1/5 of direct labor hour @ Rs.6

REQUIRED:

(a) Compute Material Price and Quantity Variance.

(b) Compute Labor Rate and Time Variance.

(c) Factory Overhead Variance.

COST ACCOUNTING 2009

Time: 3 Hours (REGULAR) Max. Marks: 100

Instructions: Attempt Two Questions.

1. ACCOUNTING FOR MANUFACTURING:

The following extract of costing Information relates to commodity 'A' manufactured by Ribbi Engineering Company for the half year ended 31"December 2008:

Purchase of raw material	250,000
Sales (all on account)	300,000
Factory overhead (20% of direct labor)	25,000
Carriage on purchases	3,000

STOCK (July 1, 2008)

Raw material	28,000
Finished goods (1200 units)	3,000
Work in process	45,000

STOCK (December 31, 2008)

Raw material	17,000
Finished goods (1,000 units)	?
Work in process	91500

Selling and distribution overheads are Rs. 3 per unit sold. During the period 29800 units were produced.

REQUIRED:

i. Compute cost of material used.
ii. Calculates the amount of direct labor used.
iii. Prepare Statement of Cost of Goods manufactured.
iv. Prepare Statement of Cost of Goods Sold.

2. JOB ORDER COST SYSTEM:

On March 1, 2009 Azfar engineering Works had two jobs in process as follows:

	Job No.18	*Job No.19*
Direct material	50,000	18,000
Direct labor	36,000	12,000
Direct labor hours	10,000	8,000
Direct machine hours	3,000	2,500
Applied factory overhead	Rs.3 per direct machine	Rs.5 per direct labor hour

During March Job No.20, 21, 22 and 23 were started. Direct materials of Rs. 37,500 and direct labor of 1,800 hours at an average rate of Rs.15 per hour used during the month. Pre-determined F.O.H applied rate is Rs.10 per direct labor hour on all jobs starting in March.

Job No.23 was the only incomplete job at the end of March. Direct material of Rs.15,000 and direct labor of Rs.9,000 were charged to job. At the end of month job No. 22 was the only finished job on hand. It had accumulated total cost of Rs.27,250.

There was no beginning inventory in finished goods. Jobs completed were sold on account at a profit of 20%on cost.

REQUIRED:

I. Prepare following T - account:
   a) Work in process
   b) Finished goods
   c) Cost of goods sold
II. Prepare journal entries to record:
   a) Cost incurred on jobs started in the month of March
   b) Cost of goods manufactured
   c) Sales
   d) Cost of sales

3. PROCESS COSTING

IYRA Pharma Company processes a product through three distinct stages. The product of one process is being passed on to the next process and so on to the finished product intact .Details of the cost incurred in process No. 1 is given below for the month of November 2009.

Cost of units in process on November ,2009	180,000
Cost of material placed in production	120,000
Direct labor used (125% of factory overhead)	200.000
Factory overhead applied	?

The data extracted from the production report relating to above processes are as follows:

Units in process on November 1, 2009	15,000 units
(60% completed as to mater al& 80% as to convers on cost)	
Units placed in production	40,000 units
Units in process on November 30,2009	10,000 units
(40% completed as to material & 50% as to convers on cost)	

REQUIRED:

i. Equivalent production units.
ii. Per unit cost.
iii. Total cost of units completed and transferred to next process (Process No.2).
iv. Total cost of units in process on November 30, 2009.

COST ACCOUNTING 2009

Time: 3 Hours (Private) Max. Marks: 100

Instructions: Attempt Two Questions.

1. ACCOUNTING FOR MANUFACTURING:

Following information was taken from the accounting record of AL-Rehman industries:

	1.1.2009	31.12.2009
Finished Goods	25,000	29,000
Work in process	40,000	48,000
Material	2,000	30,000

During the year the following transactions were performed.

Material purchased	350,000
Direct labor Cost	120,000
Indirect factory labor cost	60,000
Depreciation- Factory building	20,000
Depreciation- Sales room & office (share equally)	15,000
Utilities (60% to factory,20% to office & 20% to salesroom)	50,000
Other indirect manufacturing cost	40,000
sales person's salaries	40,000
Office salaries	24,000
Sales on account	730,000

REQUIRED:

a) Statement of Cost of Goods Manufactured.
b) Income Statement.

2. JOB ORDER COSTING

The following inform at on relates to Sakina Industries for the month of Dec. 2009.

1. Purchase materials on account Rs.90, 000.
2. Issued materials to Rs 80,000 which included indirect materials of Rs.10, 000.
3. Labor costs accrued:
   Direct Rs 45,000 and indirect Rs.15,000.
4. Indirect manufacturing costs other than indirect material and indirect labor incurred on account Rs.19,000.
5. Factory overhead costs applied @ 90% of direct labor cost.
6. Goods costing Rs.120,000 were completed (finished).
7. 80% of the completed goods were sold at 20% above cost.

REQUIRED:

Prepare journal entries for the above information including all adjusting and closing entries.

3. STANDARD COSTING:

Sachal Products uses standard cost system. Following data extracted from their records:

STANDARD

Raw material	Costing Rs 100,000 (for 20,000 bags) of one KG each 20,000 hours @ Rs.7 per hour
Direct labor	120% of direct labor cost
Factory overhead	Costing Rs 100,000 (for 20,000 bags) of one KG each 20,000 hours @ Rs.7 per hour

ACTUAL

Raw material	20 500 bags of one KG @ 5.10 each KG.
Direct labor	19,700 hours @ Rs.7.50 per hour
Factory overhead	Rs.160, 000
Raw material	20, 500 bags of one KG @ 5.10 each KG.

REQUIRED:

(a) Calculate:
- i. Material price variance
- ii. Material quantity variance
- iii. Labor rate variance
- iv. Labor efficiency variance
- v. FOH variance
- vi. Overall variance

(b) Record entries of the above variances and one entry to close all variances.

COST ACCOUNTING 2008

Time: 3 Hours (Private) Max. Marks: 100

Instructions: Attempt Two Questions.

1. ACCOUNTING FOR MANUFACTURING CONCERN

Moon Co. has provided following for the year ended December 31, 2007.

Sales	655 000
Advertising expense	65,000
Direct labor cost incurred	148,000
Direct material purchased	225,000
Building rent: 60% allocated to manufacturing and 30% to administrative & selling functions	95,000
Utilities – factory	50,000
Maintenance - factory	32,000
Selling and administrative salaries	95,000
FOH applied at the rate of 90% of direct labor	

REQUIRED:

(a) Prepare a Statement of Cost of Goods Manufactured for the year ended Dec.31, 2007.

(b) Prepare an Income Statement

2. **JOBORDER COSTING:**

Skyline Co. uses Job Order Cost System. The manufacturing operations for the year ended December 31, 2007 were as follows:

i. Purchased raw materials on account Rs.72 000.
ii. Materials issued to factory of Rs.64,500 of which Rs.4,500 was indirect materials.
iii. Direct labor cost incurred Rs.58, 000 and Rs.4, 800 indirect labors.
iv. Factory overhead application rate was 80% on direct labor cost.
v. Factory overhead cost incurred on account Rs.35, 000.
vi. Cost of jobs completed Rs.150,000.
vii. Cost of jobs Rs.130,000.
viii. Sales on account Rs.170,000.

REQUIRED: Record all the above transactions in the General Journal& give an entry to close the factory overhead account.

3. **STAN DARD COSTING:**

Irfan Co. provided following standard and actual cost data for the month of June,2007:

STANDARD

Raw material	500 Kgs @ Rs.1.50
Direct labor	500 Hours @ Rs. 3.50
Factory overhead	Rs.2.70 per labor hour

ACTUAL

Raw material	490 Kgs @ 1.80
labor	510 hours @ Rs.3.50
Factory overhead	Rs.1480

REQUIRED:

i. Compute material price variance, material quantity variance, labor rate variance, labor efficiency variance and overhead variance.
ii. General Journal entries for the above.
iii. General Journal entries to close the variance accounts.

COST ACCOUNTING 2008

Time: 3 Hours (Regular) Max. Marks: 100

Instructions: Attempt Two Questions.

1. **ACCOUNTING FOR MANUFACTURING CONCERN:**

The following data relate to Waseem Co. for the year 2007:

1. Purchase of direct material 88,000
2. Direct material used 90,000
3. Direct labor paid 65,000

4. Direct labor assigned to production 70,000
5. Factory overhead cost incurred 80,000

During the year 24,400 units were manufactured and 25,000 units were sold. Selected information concerning inventories during the year is as follows:

	Jan 1, 2007	**Dec 31, 2007**
Material	Rs. 10,000	?
Work in process	Rs. 18,000	Rs. 14,000
Finished Goods 3000 units	Rs. 27,000	?

REQUIRED

(1) Cost of goods manufactured during 2007.

(2) Average unit cost produced during 2007.

(3) Cost of goods sold assuming FIFO basis.

(4) Cost of ending inventories of:

(i) Materials (ii) Finished goods. Also pass the necessary entries.

2. (a) STANDARD COST & VARIANCE:

The standard and actual data of Asif Co are as follows.

	Standard	*Actual*
Direct material	30,000 units @ Rs.4 per unit	29,000 units @ Rs.4.SO per unit
Direct labor	12,000 hours @ Rs.10 per hour	13,000 hours @ Rs.10.60 per

REQUIRED:

1. Material price variance
2. Material quantity variance
3. Labor rate variance
4. Labor time variance
5. Pass journal entries for recording of variances with actual and standard costs.

2.(b)

	Standard Cost	*Factory Over Head Variance*
Factory overhead	Rs.120,000	Rs.10,000 Unfavorable

REQUIRED:

(1) Determine the actual factory overhead.

(2) Record the factory overhead cost and its variance.

3. PROCESS COSTING:

The following information pertains to the goods in process No.3 for the month of December 2007. The company applies FIFO method for inventory valuation:

Goods in process inventory December 1, 2007, 40 000 units 75%complete, cost of Rs.387,000. Cost 140 000 units transferred in from process No.2, during December Rs.840 000.

Cost added in process No.3 during December, direct materialRs.275,000, direct labor Rs.82,500 and factory overhead Rs.137,500.

On December 31, 50,000 units are still in process No. 3 which are 75% complete as to materials and 20%complete as to conversion cost. REQUIRED

REQUIRED:

Compute:

1. Number of units completed.
2. Equivalent units in production.
3. Cost per unit.
4. Cost of units completed and transferred to finished goods warehouse