

**TOPICS : Integral & Non Integral, Reconciliation Statement, & Standard Costing**

**QUESTION NO.1**

**(14 MARKS)**

As of 30<sup>th</sup> September, 2019, the following balances existed in a firm's cost ledger, which is maintained separately on a double entry basis:

	Debit( Rs.)	Credit( Rs.)
Stores Ledger Control A/c	15,00,000	-
Work-in-progress Control A/c	7,50,000	-
Finished Goods Control A/c	12,50,000	-
Manufacturing Overhead Control A/c	-	75,000
Cost Ledger Control A/c	-	34,25,000
	35,00,000	35,00,000

During the next quarter, the following items arose:

	(Rs.)
Finished Product (at cost)	11,25,000
Manufacturing overhead incurred	4,25,000
Raw material purchased	6,25,000
Factory wages	2,00,000
Indirect labour	1,00,000
Cost of sales	8,75,000
Materials issued to production	6,75,000
Sales returned (at cost)	45,000
Materials returned to suppliers	65,000
Manufacturing overhead charged to production	4,25,000

**Required:**

PREPARE the Cost Ledger Control A/c, Stores Ledger Control A/c, Work-in-progress Control A/c, Finished Stock Ledger Control A/c, Manufacturing Overhead Control A/c, Wages Control A/c, Cost of Sales A/c and the Trial Balance at the end of the quarter.

**QUESTION NO.2**

**(6 MARKS)**

The following standards have been set to manufacture a product :

Direct Materials	(Rs.)
2 units of X at Rs. 40 per unit	80.00
3 units of Y at Rs. 30 per unit	90.00
15 units of Z at Rs. 10 per unit	150.00
	320.00

Direct labour 3 hours @ Rs. 55 per hour	165.00
Total standard prime cost	485.00

The company manufactured and sold 6,000 units of the product during the year 20X8. Direct material costs were as follows :

12,500 units of X at Rs. 44 per unit.

18,000 units of Y at Rs. 28 per unit.

88,500 units of Z at Rs. 12 per unit.

The company worked 17,500 direct labour hours during the year 20X8. For 2,500 of these hours the company paid at Rs. 58 per hour while for the remaining hours the wages were paid at the standard rate.

**Required :**

COMPUTE the following variances :

Material Price, Material Usage, Material Mix, Material Yield, Labour Rate and Labour Efficiency.

**QUESTION NO.3**

**(8 MARKS)**

In a manufacturing company the standard units of production of the year were fixed at 1,20,000 units and overhead expenditures were estimated to be:

Fixed	Rs. 12,00,000;	Variable	Rs. 6,00,000;
Semi-Variable	Rs. 1,80,000		

Actual production during the April, 2019 of the year was 8,000 units. Each month has 20 working days.

During the month there was one public holiday. The actual overheads amounted to:

Fixed	Rs. 1,10,000;	Variable	Rs. 48,000
Semi-variable	Rs. 19,200		

Semi-variable charges are considered to include 60 per cent expenses of fixed nature and 40 per cent of variable character.

**CALCULATE the followings:**

- (i) Overhead Cost Variance
- (ii) Fixed Overhead Cost Variance
- (iii) Variable Overhead Cost Variance
- (iv) Fixed Overhead Volume Variance
- (v) Fixed Overhead Expenditure Variance
- (vi) Calendar Variance.

**QUESTION NO.4****(14 MARKS)**

The financial books of a company reveal the following data for the year ended 31<sup>st</sup> March, 20X8:

Opening Stock:	( )
Finished goods 625 units	53,125
Work-in-process	46,000
01.04.20X7 to 31.03.20X8	
Raw materials consumed	8,40,000
Direct Labour	6,10,000
Factory overheads	4,22,000
Administration overheads (Production related)	1,98,000
Dividend paid	1,22,000
Bad Debts	18,000
Selling and Distribution Overheads	72,000
Interest received	38,000
Rent received	46,000
Sales 12,615 units	22,80,000
Closing Stock: Finished goods 415 units	45,650
Work-in-process	41,200

The cost records provide as under:

- Factory overheads are absorbed at 70% of direct wages.
- Administration overheads are recovered at 15% of factory cost.
- Selling and distribution overheads are charged at ` 3 per unit sold.
- Opening Stock of finished goods is valued at ` 120 per unit.
- The company values work-in-process at factory cost for both Financial and Cost Profit Reporting.

**Required:**

- (i) PREPARE a statements for the year ended 31<sup>st</sup> March, 20X8. Show
  - the profit as per financial records
  - the profit as per costing records.
- (ii) PREPARE a statement reconciling the profit as per costing records with the profit as per Financial Records.

**QUESTION NO.5****(8 MARKS)**

The standard labour employment and the actual labour engaged in a week for a job are as under:

	<b>Skilled workers</b>	<b>Semi-skilled workers</b>	<b>Unskilled workers</b>
Standard no. of workers in the gang	32	12	6
Actual no. of workers employed	28	18	4
Standard wage rate per hour	3	2	1
Actual wage rate per hour	4	3	2

During the 40 hours working week, the gang produced 1,800 standard labour hours of work. **CALCULATE** :

- (a) Labour Cost Variance  
(b) Labour Rate Variance  
(c) Labour Efficiency Variance  
(d) Labour Mix Variance  
(e) Labour Yield Variance