**NMIMS Global Access**

**School for Continuing Education (NGA-SCE)**

**Course: Cost Accounting**

**Internal Assignment Applicable for April 2022 Examination**

**1. Prepare the Stock Ledger using “Weighed Average” method of valuing the issues from the following details of stores receipts and issues of material in a manufacturing unit:**

**Nov. 1 Opening Stock 2,000 units @ Rs. 5 each**

**Nov. 3 Issued 1,500 units to Production.**

**Nov. 4 Received 4,500 units @ Rs. 6.00 each.**

**Nov. 8 Issued 1,600 units to Production**

**Nov. 9 Returned to stores 100 units by Production Department (from the issues of November 3)**

**Nov. 16 Received 2,400 units @ Rs. 6.50 each.**

**Nov. 19 Returned to the supplier 200 unit out of the quantity received on November, 4**

**Nov. 20 Received 1,000 units @ Rs. 7.00 each.**

**Nov. 24 Issued to Production 2,100 units.**

**Nov. 27 Received 1,200 units @ Rs. 7.50 each**

**Nov. 29 Issued to Production 2,800 units (use rates upto two decimal places).**

**ANSWER 1:-**

Weighted average method, The weighted averages cost methods in inventory is one of three approaches of valuing your business inventory stock and determine the average costs of all inventory items based on the individuals costs and the quantity of each items held stock. Business uses the weighted averages to determine the amount that goes into the inventory and the cost of goods sold (COGS). When a business purchase items of inventory, the may pay different prices due to

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**2. On 1st April 2020 B Ltd undertook a contract for Rs. 10,00,000. On 31st March 2021 when the accounts were closed, the following details about the contract were gathered:**

**Materials purchased Wages paid 2,00,000**

**General expenses 90,000**

**Plant purchased 20,000**

**Materials in hand 31.3.2021 1,00,000**

**Wages accrued 31.3.2021 10,000**

**Work certified 4,00, 000**

**Cash received 3,00,000**

**Work uncertified 30,000**

**Depreciation of plant 10,000**

**The contract contained an escalation clause which read as “In the event of increase(s) of prices of materials and rates of wages by more than 5% the contract price would be increased accordingly by 25% of the rise of the cost of materials and wages beyond 5% in each case”.**

**It was found that since the date of signing the agreement, the prices of materials and wage rates increased by 25%. The value of the work certified does not consider the effect of the above clause.**

**Prepare the contact account.**

**ANSWER 2:-** A contract account has accepted a contract, a separate account is opened for each contract, bring together all the costs relating to a particular contract. A serial number is assigned to each contract, which is known as a contract account.

All expense incurred in filling a contract (material, wages, direct expenses, cost of sub-contracts, cost of special plants, and

**3.a. KC Corporation produces four products in a manufacturing process. The Company produced 20,000 units of A, 40,000 units of B, 30,000 units of C and 50,000 units of D.**

**The costs before split off point for the four products were Rs. 2,80,000. Using the average unit cost method**

**(a) calculate the unit cost, and**

**(b) how, the joint cost would be apportioned amount the products.**

**ANSWER 3A)**

**Unit cost-** cost per unit information is needed in order to set prices high enough to generate a profit. The cost per unit is derived from the variable costs and fixed costs incurred by a production process, divided by the number of unit produced. Variable costs, such as direct materials, vary roughly by the number of units produced, thought hose cost should decline somewhat as unit volumes increase, due to greater volume discounts. Fixed costs, such as the result of additional capacity being needed (known as a step cost, where the cost suddenly steps up to a higher level once a specific unit volume is reached).

**3.b. Calculate equivalent production from the following details:**

**Opening stock of work- in-progress 8,000 units 40% complete.**

**Units completed: 64,000**

**Units put into process: 60,000**

**Closing stock of work- in-progress 4,000 units, 60% complete.**

**ANSWER 3 B)**

The average unit cost is calculated by dividing the total joint production cost incurred by the total number of units of joint products produced. The average unit costs methods is very simple to employ for allocating a joint production cost to joint products because it considers all the joint products as the same units.

The average unit cost is calculated by dividing the total joint production cost incurred by the total number of units of joint products produced.

The method is a viable only for those production processes in which the difference between the joint products is very