**Cost and Management Accounting**

**June 2022 Examination**

**Q1. The following figures have been extracted from the books of M Ltd. for the year ending 31st March, 2022**

**Direct materials 70,000**

**Direct wages 75,000**

**Indirect wages 10,000**

**Other direct expenses 15,000**

**Factory rent and rates 500**

**Office rent and rates 500**

**Indirect materials 500**

**Depreciation of plant 1,500**

**Depreciation of office furniture 100**

**Managing Director’s remuneration 12,000**

**General factory expenses 5,700**

**General office expenses 1,000**

**General selling expenses 1,000**

**Travelling expenses 1,100**

**Office salaries 4,500**

**Carriage outward 1,000**

**Advertisements 2,000**

**Sales 2,50,000**

**From the above figures, calculate the following:**

**(a) Prime cost**

**(b) Works cost**

**(c) Cost of production**

**(d) Cost of sales**

**(e) Net profit**

**(10 Marks)**

**Ans 1.**

**Introduction**

On the bill of amount, there are various adjustments to the total value. The price sheet for a product may calculate the acceptable income fee. Each past and predicted price may be used to create a value statement and primarily based on actual costs expended for the item. A charge estimation report is created before the start of manufacture based totally on the envisioned price—all costs associated with a product. Excellent prices are the charges skilled by using an enterprise indistinguishably connected to the materials and equipment used in working. It Its Half solved only

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**Q2. Z Ltd. produced three chemicals during the month of October 2021 by three consecutive processes. In each process, 2% of the total weight put in is lost and 10% of it is left as scrap which from Processes I and II realises Rs. 10 a ton and from Process III Rs. 20 per ton. The products of the three processes undertaken are as follows:**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Process I** | **Process II** | **Process III** |
| **Passed on to the Next Process** | **75%** | **50%** | **-** |
| **Transferred to Warehouse** | **25%** | **50%** | **100%** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Expenses Incurred** | **Qty** | **Rs.** | **Qty** | **Rs.** | **Qty** | **Rs.** |
| **Raw Materials** | **1000 tons** | **12,000** | **140 tons** | **2,800** | **1348 tons** | **10,784** |
| **Manufacturing Wages** |  | **2,050** |  | **1,852** |  | **1,500** |
| **General Expenses** |  | **1,030** |  | **724** |  | **310** |

**Prepare Process Cost Account showing the cost per ton of each product. (10 Marks)**

**ANS:**

**Introduction**

**Process account**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Raw materials | warehouse |  |  |  |
| Process 1 | 3000 |  |  |  |  |
| Process 2  | 9000 | 6000 |  |  |  |
| Process 3  | 4500 | 6000 |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

General cost assumptions are often factored into the equation when components are bulk via one or even greater activities inside the manufacturing employer. It's miles shown in the introduction of accessories, foodstuff for ingestion, or pesticides. In a scheme fee approach, estimating the

**Q3a. In process A, 1000 units of raw materials were introduced at a cost of Rs. 15,000. Direct wages amounted to Rs. 7,500 and manufacturing overheads to Rs. 5,000. 10% of the units introduced are normally lost during manufacture and these are sold @ Rs. 5 per unit. The actual output of the process was 940 units.**

**Prepare Process A Account and Abnormal Gain Account. (5 Marks)**

**Ans 3a.**

**Introduction**

The numerous types of goods & services provided and the wide variety of services nonetheless within the production at a particular time for the playoffs may also affect a business's typical expenses. It is essential to compute approximated manufacturing charges for business applications created products utilizing fee accounting for production. Corporate finance

**Q3b. A single commodity with a marginal cost of Rs.0.75 per unit is manufactured by a company. Rs.12,000 are fixed expenses. The demand is such that it can exchange up to Rs.40,000 units at Rs.1.50 per unit, so all further purchases are to be done at Rs.1.00 per unit. A planned profit of Rs.20,000 is in operation. How many units must be made and sold? (5 Marks)**

**ANS:**

**Introduction**

(40,000 \* 1.50 ) + x) – (12000 + 0.75 (40,000 + x) = 20,000

60,000 + x – 12,000 + 30,000 + .75x = 20,000