

ASSIGNMENT OF SEM-5

COST AND FINANCIAL ACCOUNTING

Q:1

The production of *Varda Manufacturing Compa* through three processes, before it is transferred to finished Stock information is obtained for the month of March, 2013 :

Particulars	Process I	Process II
Raw materials used-in tonnes	1,100	65
Cost of raw materials per tonne- Rs.	180	120
Direct wages-Rs.	46,000	53,100
Manufacturing overheads-Rs.	12,300	20,000
Weight lost in process (percentage of input)	5%	5%
Scrap in process (percentage of input)	10%	10%
Sale value of wastage - per tonne Rs.	120	180
Actual output in tonnes	935	825

Finished product of each process is transferred to other material and that of process III to warehouse. There was no st

Q:2

Explain the concept of Equivalent Production and prepare a specimen of Statement of Equivalent Production in Process Costing.

Q:3

From the following information for February, to AB Company Ltd., prepare Process Account for Process III

Opening stock in process III	2,000 units	2
Transfer from process II	50,200 units	6,6
Direct materials added in Process III		3,2
Direct wages		1,5
Production overheads		7
Units scrapped during the year		
Transfer to Process IV		7
Closing stock in Process III		
Degree of completion :		

	Opening Stock	Closing Stock
Materials	70%	80%
Labour	50%	60%

Q:4

Madhavi Co. Ltd. manufacture two products Aachar and Papad. The following details relate to two products:

	Aachar	Papad
Sales price	Rs.290	Rs.196
Direct Materials	Rs.100	Rs.80
Direct Labour Hours (wage rate Re. 1 per hour)	50 hours	20 hours
Variable Overheads (% of Direct wages)	80	80

Total fixed overheads Rs. 10,000.

If the labour is in short supply, then production of which product is profitable? If the production capacity of the factory is 2,000 units of Aachar

and 4,000 units of Papad and total 80,000 labour hours are available then how much of each product should be manufactured to get the maximum profit?

Q:5

The following are the Balance Sheets of Alpa Ltd. and Nimisha Ltd. on 31-3-12.

Liabilities	Alpa Ltd. Rs.	Nimisha Ltd. Rs.	Assets	Alpa Ltd. Rs.
Paid up capital			Fixed Assets	15,00,0
Equity Share Capital	20,00,000	10,00,000	Investments	5,00,0
Reserves & Surplus	3,45,000	—	Current Assets,	
Secured Loans	3,00,000	2,00,000	Loans & Advances	11,00,0
Unsecured Loans	1,00,000	—	Misc. Expenditure	—
Current Liabilities & Provisions	3,55,000	1,10,000	Profit & Loss A/c	—
	<u>31,00,000</u>	<u>13,10,000</u>		<u>31,00,000</u>

On the above date, Alpa Ltd. decided to absorb Nimisha Ltd. on the following conditions.

- (1) Fixed Assets of Alpa Ltd. include goodwill worth Rs. 1,00,000 but the market value of the remaining assets is 20% more.
- (2) Investments of Nimisha Ltd. include 1000 equity shares of Rs. 50 paid up of Swati Limited, the realisable value is NIL, market value of remaining investments is 20% more.
- (3) 25% of the current assets of both the companies consist of stock overvalued by 10%.
- (4) The purchase consideration is to be satisfied by issuing necessary shares.
