

	<b>Process A (Rs.)</b>	<b>Process B (Rs.)</b>	<b>Process C (Rs.)</b>
Materials consumed	8000	3000	2000
Direct labour	12000	8000	6000
Work expenses	2000	1000	3000
Stock: Valuation on July 1, per unit	19	27	36.5
	Units	Units	Units
Output	1950	1925	1590
Stock: July 01	200	300	500
July 31	150	400	----

Stock on 31<sup>st</sup> July, 2019 are to be valued at cost as shown by month's production accounts.

Prepare the process accounts.

12. Jain Company manufacturing two products furnishes the following data for a year.

<b>Product</b>	<b>Actual output</b>	<b>Total Machine in hours</b>	<b>Total No of orders</b>	<b>Total No of Set- Ups</b>
A	50000	100000	220	50
B	60000	120000	340	60

The actual overheads are as under.

Volume related activity costs                      Rs. 660000

Set up related activity costs                         Rs.550000

Purchase related costs                                Rs. 1120000

You are required to calculate the cost per unit of each product based on:

- Traditional method of charging overheads using machine hour rate.
- Activity based costing method

(Hint; Volume related activity cost to be absorbed on machine hour basis)

13. XYZ Co. Ltd. has two divisions A and B. A sells half of its output in the open market and transfers the rest to Division B. Costs and revenue during 2019 are:

	<b>A</b>	<b>B</b>	<b>Total</b>
Sales	18000	50000	68000
Cost of production in the division	26000	22000	48000
Profit during the year			20000

There is no opening or closing stocks.

You are required to find out the profit of each division and profit of the company using transfer prices:

- At cost
- At cost plus 20%
- At cost plus 20% but there is over spending in division A by Rs. 4000.

14. A company manufactures a chemical product by a series of operations in three processes. Raw material is fed into process A and the finished chemical that comes out of process C is transferred to finished goods store. The following particulars relating to operations for April 2019 are given below:

	Process A	Process B	Process C
Raw materials issued	960000		
Direct wages	125600	172000	142500
Overhead costs	168000	177280	124690
Normal processing loss (%of input)	3	2	1
Output transferred to next process	74000 Kgs	69400 kgs	69000Kgs
Work in progress	3000	2400	----

Prepare the accounts of Process A, B, and C and also abnormal loss, abnormal gain account, if any.

(4 × 3 = 12 Weightage)

### Part C

Answer any *two* questions. Each question carries 5 weightage.

15. What are the merits and demerits of target costing? How it differ from traditional costing and kaizen costing?

16. A certain raw material on undergoing a chemical process yields three products A, B and C and a by- product X. The relevant particulars of the process for a month are given below:

Joint processing cost: Raw materials input: 20000 Kg @ Rs 15; other materials: Rs 30600;

Direct Labour: 4000 hrs. @Rs 20; Production overheads: Rs 100000

Output, selling price and other particulars:

Product	Output (Kgs.)	Selling price/Kg if sold without further processing	Further processing cost	Selling price/Kg. after further processing.
A	8000	28	56000	38
B	6000	30	60000	42
C	5000	32	60000	43
X	500	6	1500	8