# Unit Costing and Reconciliation

| Time Allowed : 1 hour | | Total : 30 Marks |
|---|---|---|

**Q.1** A manufacturing company has an installed capacity of 1,50,000 units per annum. Its cost structure is given below: -

| Particulars | Amount (₹) |
|---|---|
| Variable cost per unit - Materials | 10 |
| - Labour (subject to a minimum ₹ 1,00,000 per month) | 10 |
| -Overheads | 4 |
| Fixed overhead per annum | 1,92,300 |
| Semi - variable overheads per annum at 75% capacity (it will increase by ₹ 4,000 per annum for increase of every 5% of the capacity utilization or any part thereof) | 60,000 |

The capacity utilization for the next year is budgeted at 75% for the first three months, 80% for the next six months and 90% for the remaining three months. You are **required** to calculate the selling price per unit for the next year, if the company is planning to have a profit of 20% on the selling price. **(10 Marks)**

**Q.2** XYZ a manufacturing firm, has revealed following information for September, 2019:

| | 1st September (₹) | 30th September (₹) |
|---|---|---|
| Raw Materials | 2,42,000 | 2,92,000 |
| Work-in-progress | 2,00,000 | 5,00,000 |

The firm incurred following expenses for production of 1,00,000 units during the month:

| | ₹ |
|---|---|
| Consumable Stores and spares for factory | 3,50,000 |
| Research and development cost for process improvements | 2,50,000 |
| Quality control cost | 2,00,000 |
| Packing cost (secondary) per unit sold | 2 |
| Lease rent of machine | 2,00,000 |
| Administrative Expenses (General) | 2,24,000 |
| Selling and distribution Expenses | 4,13,000 |
| Finished goods (opening) | Nil |
| Finished goods (closing) | 5000 units |

Scrap is 4% of goods produced which realizes ₹ 61 per unit.
Raw material purchased during the period ₹ 52,50,000.
Direct employees cost is ½ of the cost of material consumed.
Selling price of the output is ₹ 110 per unit.
Prepare cost sheet showing the profit earned by the firm. **(10 Marks)**

**Q.3** Thedataisavailableinthefinancialaccountsofamanufacturingcompanyfortheyearending31-03-2018:

| Particulars | Particulars |
|---|---|
| Direct material consumption -₹ 3,55,000 | Donation and charity -₹ 20,000 |
| Direct wages -₹ 3,60,000 | Preliminary expenses (written off) - ₹ 20,000 |
| Manufacturing expenses -₹ 2,45,000 | Provision for income tax -₹ 75,000 |
| Production related admn. expenses-₹ 2,40,000 | Interest received on deposits -₹ 25,000 |
| Selling & distribution expenses -₹ 2,00,000 | Sales (1,80,000 units) - ₹ 16,20,000 |
| Interest on debentures -₹ 48,000 | Closing stock of finished goods(30,000units)-₹ 1,50,000 |

The cost accounts reveals:-

**(a)** Manufacturing overheads recovered at 80% on direct wages.
**(b)** Office and administrative overheads at 25% on factory cost.
**(c)** Selling and distribution overheads at ₹ 1 per unit.
**(d)** Closing stock of finished goods valued at cost of production.

You are **required** to:-

1. Prepare Profit and Loss Account showing net profit in financial accounts.
2. Prepare a statement showing profit in the cost accounts.

Prepare a statement reconciling the profits disclosed as per above (1) and (2). **(10 Marks)**