

CMA TEST- 2 (Solution)		
Time Allowed: 50 mint.	December 16,2018	Total Marks: 30 Marks

Answer to Question no.1: **Packing of Goods**

1. Packing of goods may be considered necessary for
 - a) Manufacturing the goods
 - b) Safe Delivery of goods to various branches, agents, or other places where goods are kept before being sold to various customers.
 - c) Safe delivery of goods to the customers.
2. The packing cost in context of manufacturing of goods is known as "Primary Packing Cost".
For Example, the bottle, cane, jar, tube, etc. which contains the main product can be regarded as "Primary Packing Cost".
3. Primary packing cost is to be recorded after ascertaining the Factory Cost. In other words it is to be recorded as part of 'Cost of Production'.
4. The packing cost in relation to safe delivery of goods to various branches, agents, etc. is to be recorded as part of "Distribution Overheads".
5. The Packing cost in relation to safe delivery of goods to the place of the customers is to be recorded as part of "Selling Overheads".

Answer to Question no.2: **Cost Sheet for the year ended 31st December**

Particulars	Amount (₹)	Overhead Rates:-
Materials used	50,000	% of works overhead to wages
Production wages	40,000	
Prime cost	90,000	= $\frac{\text{Works overhead}}{\text{Wages}} \times 100 = \frac{8,000}{40,000} \times 100 = 20\%$
Works overhead	8,000	% of office overhead to work cost
Works cost	98,000	
Office overhead	4,900	
Total cost	1,02,900	= $\frac{\text{Office overhead}}{\text{Work Costs}} \times 100 = \frac{4,900}{98,000} \times 100 = 5\%$

Estimated Cost Sheet for a Radio

Particulars	Amount (₹)
Materials	250
Wages	150
Prime cost	400
Works overhead: 20% of wages	30
Works cost	430
Office overhead: 5% of works cost	21.50
Total Cost	451.50
Add: Profit 20% on cost	90.30
Sale price	541.80

Answer to Question no.3: **Statement showing cost of production (16,000 tons)**

Particulars	Total (₹)	Per ton (₹)
Opening Stock of raw materials	20,000	
Add: Purchases of raw materials	1,20,000	
Add: Carriage inwards	1,440	
Less: Closing stock of materials	(22,240)	
Direct Materials	1,19,200	7.45
Direct Wages	1,00,000	6.25
Prime Cost	2,19,200	13.70
Rent, rates, insurance of factory	40,000	2.50
Factory supervision	8,000	0.50
Add: Opening Work-in-progress	4,800	0.30
	2,72,000	17.00
Less: Closing Work-in-progress	(16,000)	(1.00)
Cost of Production/Works Cost	2,56,000	16.00

Statement showing profit on quantity sold

Particulars	Amount (₹)
Cost of production (16,000 tons)(@ ₹ 16 per tonne)	2,56,000
Add: Opening stock of final goods (1,000 tons) (@ ₹ 16 per tonne)	16,000
Cost of goods available (17,000 tons) (@ ₹ 16 per tonne)	2,72,000
Less: Closing stock of final goods (2,000 tons) (@ ₹ 16 per tonne)	(32,000)
Cost of goods sold (15,000 tons) (@ ₹ 16 per tonne)	2,40,000
Add: Selling overheads (Advertising) (15,000 tons @ ₹ 1 per tons)	15,000
Cost of sales (15,000 tonnes @ ₹ 17 per tonne)	2,55,000
Profit (Balance)	45,000
Sales (15,000 tons @ ₹ 20)	3,00,000

Answer to Question no.4:

Trading and Profit and Loss Account for the year ended on March 31, 2018

Particulars	Amount (₹)	Particulars	Amount (₹)
To Direct materials	3,55,000	By Sales (1,80,000 units)	16,20,000
To Direct wages	3,60,000	By Closing stock of finished goods (3,000 units)	1,50,000
To Manufacturing expenses	2,45,000	By Interest received	25,000
To Office and administration expenses	2,40,000		
To Selling and distribution overheads	2,00,000		
To Donation and charity	20,000		
To Interest on debentures	48,000		
To Preliminary expenses written off	20,000		
To Provision for tax	75,000		
To Net profit	2,32,000		
	17,95,000		17,95,000

Cost Sheet

Particulars	Amount (₹)
Direct materials	3,55,000
Direct wages	3,60,000
Prime cost	7,15,000
Add: Manufacturing overheads (80% of direct wages)	2,88,000
Factory cost	10,03,000
Add: Production related administration overheads (25% of factory cost)	2,50,750
Cost of production (2,10,000 units)	12,53,750
Less: Closing stock of finished goods (₹ 12,53,750/2,10,000 units × 30,000 units)	(1,79,107)
Cost of goods sold (1,80,000 units)	10,74,643
Add: Selling overheads (₹ 1 per unit)	1,80,000
Cost of sales	12,54,643
Profit (Bal. figure)	3,65,357
Sales (1,80,000 units)	16,20,000

Reconciliation Statement

Particulars	+	-
Profit as per cost books	3,65,357	
Manufacturing overheads over-recovered in cost books (2,88,000 - 2,45,000)	43,000	
Office and administration overheads over-recovered in cost books	10,750	
Closing stock over-valued in cost books		29,107
Selling overheads under-recovered in cost books		20,000
Interest received recorded in financial books	25,000	
Donation and charity, Interest on debentures, Preliminary expenses written off and Provision for tax recorded in financial books		1,63,000
	4,44,107	2,12,107

Profit as per financial books = 4,44,107 - 2,12,107 = ₹ 2,32,000.