Date :- 31-03-2010

2nd cycle, B-day

Transaction :- The event which ~~exchange~~ links financial change

Characteristics of Transition :-

i) Transaction must be measurable in terms of money.

ii) Financial change must be brought by the event.

iii) There must have two accounts per piece in each transaction

iv) Transaction must be independent.

v) Transaction always be visible but this is not necessary.

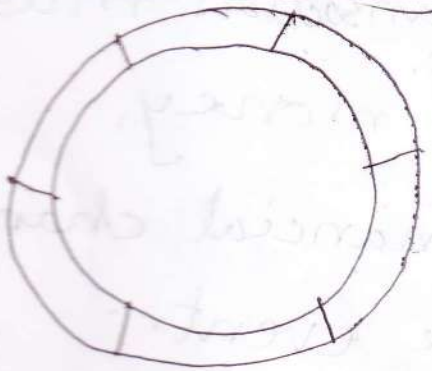
vi) Transaction always be historical.

vii) Every transaction is an event but every event is not ~~as~~ a transaction.

Accounting cycle

The order or sequence in which accounting procedures performed is called accounting cycle.

Five steps are written sequencially :-



(i) Recording
ii) classifying
iii) summarising
iv) Transition of financial statement
v) Analysis & interpretation

In which apply five steps :-

i) Recording in journal
ii) classifying in ledger
iii) summarising in trial balance
iv) Preparation ~~final~~ financial statement
v) Analysis & interpretation

Account

Date - 05-09-2010 2nd, E-day

An account is simply a place where similar transaction which occur during a particular period are summerised and accumulated. $A = C + L$

Classification of Account :-

i) Personal Account → Mr. X — Rupali Bank
ii) Real / Asset Account → Cash, Furniture
iii) Nominal Account : Expenses & losses and Income & gain

Investment — Asset Account
Debtor — Asset / personal Account
Capital — Personal
Creditor — " Account
Depreciation — Nominal "
Interest received — " "
" paid — " "

Wages — ~~Nominal~~ Nominal

carriage Inward — " Account

" outward — " "

Good will — Asset "

Land, Building — Asset "

★ Double Entry system :-

Purchased a (furniture) for (cash) TK. 1,000
(+) (−)

① Personal Account :- Receiver — ~~Dr~~ Dr.
Giver — cr.

② Asset " : Debit what ~~coming~~ comes in & credit what goes out

③ Nominal " : Expenses losses — ~~Dr~~ Dr
Income & gain — cr.

Golden Rules

Date - 07-04-2010

3rd cycle, B-day

Golden rules for Debit & credit :- Previous page

Modern rules :-

$A + E = C + L + I$

A, E } Increase Dr. / Decrease Cr.

C, L, I } Decrease Dr. / Increase Cr.

* Mr. Habib started business with cash TK. 500000 as his capital.

M/s Habib & Co.

	Reason
1. Cash Acc — Dr. 5000,000	Asset Increase
Mr. Habib capital A/c — Cr. 500000	Giver
2. computer Acc — Dr.	
3. cash Acc — Cr.	

2. purchased a computer for cash TK. 20,000/-

3. Purchased goods for cash TK. 50,000/-

↓

Purchase A/c —— Dr. (Nominal)

Cash A/c —— cr.

4. Purchased goods from Mr. Ali TK. 3,000

↓

purchased A/c — Dr

Mr. Ali's A/c —— cr

5. salary paid tk. 10,000/-

↓

salary A/c — Dr.

cash A/c — cr.

6. Interest received tk. 5000/-.

cash A/c — Dr.

Interest A/c —→ cr.

7. sold goods to Mr. Roy for cash TK. 20,000/-

↓

cash A/c —— Dr.

sales A/c —— cr.

Date-12-4-10

Journal Ledger & Trial Balance

* Journal means daily resister book.

Journal is the only book of original entry in which transition first entered chronologically.

Functions :-

i) To Analysis each transaction into debit and credit. so as to facilate here transition into ledger

ii) To arrange transaction chronologically or order of date.

Date	Particulars	L.F	Amount	Amount
2010 Jan 1	Cash A/C ---- Dr	-	5000৳	
	Mr. Masum capital Cr	-		5000৳
	(Mr. Masum -------)			
2010 Jan 3	Purchase A/C --- Dr	-	3000৳	
	Cash A/C ---- Cr	-		3000৳
	(purchase goods ---)			

① Jan 1, Mr. Masum started business with cash TK. 50000৳

(II) Jan 3 purchaged goods for cash TK. 3000৳

(III) Jan 4, sold goods for cash TK. 5000৳

☆ Ledger is the book in which transition are recorded in a classified permanent form.

Cash Account

Dr. Cr

Date	Particulers	J.F	Amount	Date	Particulers	J.F	Amount
2010 Jan 1	Mr. Masum capital	-	50,000৳	2010 Jan 3	Purchase A/c	-	3000৳
2010 Jan 4	Sales A/c	-	5000৳		Balance	-	7000৳
			10,000৳				10,000৳

Mr. Masum capital A/c

Dr		Cr	
Balance →	60000৳	cash A/c →	5000৳
	5000৳		5000৳
	65000৳		

Purchase A/c

Dr		Cr	
cash →	3000৳	Balance →	3000৳
	3000৳		3000৳

Sales A/c

Dr		Cr	
Balance →	5000৳	cash →	5000৳
	5000৳		5000৳

Debit amount > credit amount = Debit balance

Credit > Debit = credit balance

Trial Balance is the list of both balances Debit & credit extracted from the ledger account.

Trial Balance

Dr particulers	Amount	Cr particulers	Amount
cash —	7000৳	Mr. Masum's capital	5000৳
purchase-	3000৳	Sales A/c	5000৳
	10,000৳		10;000৳

Date - 15-04-2010

4th cycle, B-day

A + E = C + L + I

Dr.	Cr.
A + E	C + L + I
Assets :-	Capital - - -
cash - - - -	Liablities :-
Bank	S/creditors - - -
S/Debtors - - -	Loan
opening stock	Bank overdraft
Investment	Mortgage loan
Bills Receivable	*outstanding liabilities :-
Furniture	salary due
Good will	
Motor car etc	
Expenses	

Expense :-	Income :-
salary	sales - - -
Legal charge	Interest & Divident
Advertisement	others income :-
comission	Discount - -
Discount	commission - -

Dr.	Cr.
A+E	C+L+I
Wages*	others:-
Bad Debt	Return out/
Telephone Bills	purchases return
Electrical "	Provision for bad debt.
Interest	~~Rev~~ Reserve fund
Import duty*	
Rent — —	
Insurence	
Depriciation	
carriage *	
~~sales~~ Return in sales	
Return in purchases	
stationary	
lighting	
Interest	

Adjustment item :-

closing stock :- It is not include in trial Balance.

Financial statement :-

① Income statement

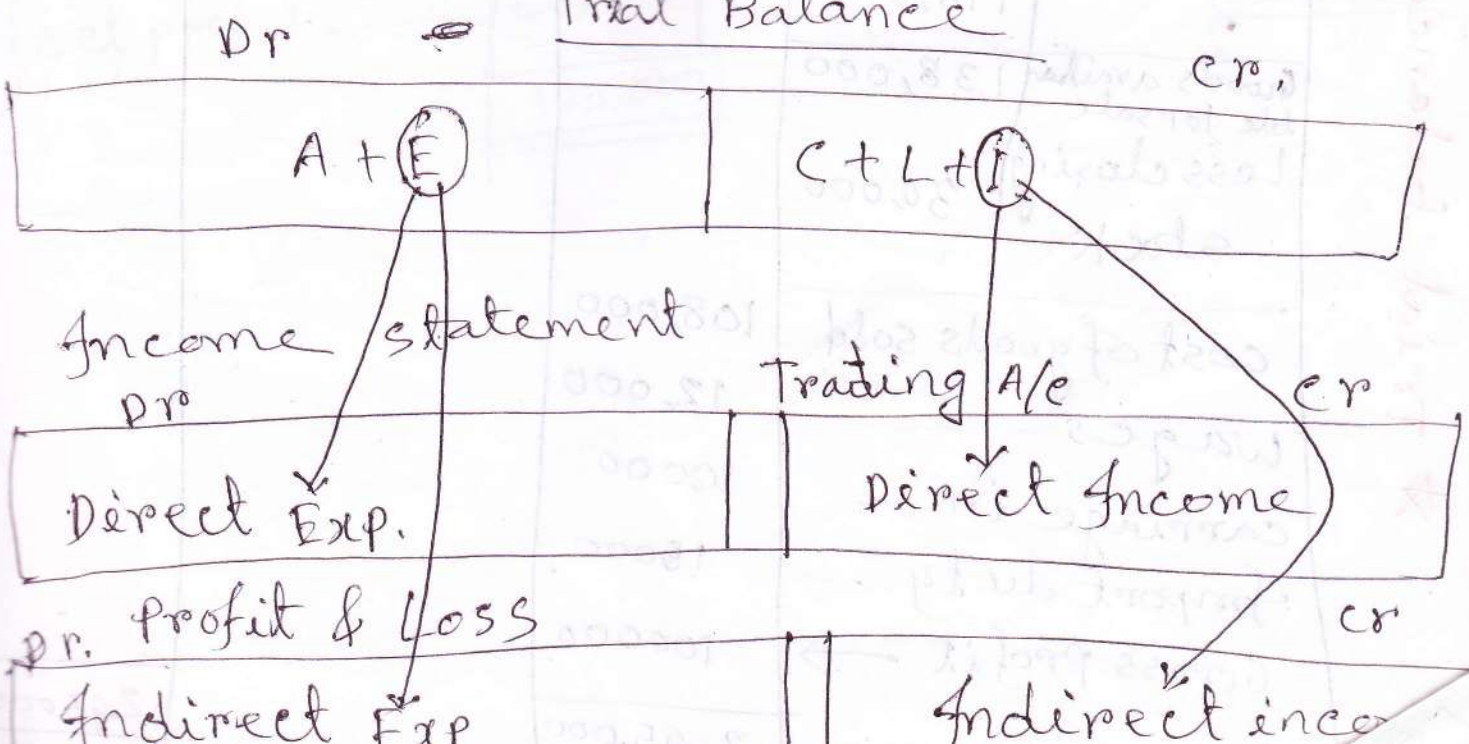
↓

↓ ↓

Trading Account

Profit & loss Account

② Balance sheet



Balance sheet

Dr. Capital + Liabilities	Cr. Assets

Date - 20-04-2010

4th cycle, E-day

Dr Trading Account Cr

Particles		Amount	Particles	Amou
Opening stock 20,000		~~20,000~~	sales - 250,000	
Add: purchases 120,000			less return in — 5000	
Less return 2000		~~118,000~~		245000
	20000			
	118,000			
Goods available for sale	138,000			
less closing stock	30,000			
cost of goods sold		108,000		
wages —		12,000		
carriage in —		10,000		
Import duty —		15000		
Gross profit →		100000		

* Trial balance a closing stock আসবে না।

Profit & loss Account

Dr. Particles	Amount	Particles	Cr. Amount
Salarey — 20,0000		~~Sales — 2~~	
Less prepaid — 5,000	15000	Gross profit	100000
Rent — 4,000		Discount —	3000
Add. due — 1000	5000	Interest —	2000
Advertisement —	3000		
Insurence —	2000		
* Bad debts - 3000			
Add Reserve for Bad debts - 2000	5000		
	10,000		
Depreciation —			
Interest —	5000		
Net profit —	60,000		
	105,000		105000

Balance sheet

Capital & liability	Amount	Asset	Amount
liabilities	45,000	Cash hand	
✗ outstanding liabilities	5,000	cash in Bank	
✗ capital – 100000		S/Debtors	
Add. Net pro – 60,000	150,000		
160000			
Less Drawing 10,000	15000		
6	200000		200000

Date - 22-04-2010

5th cycle, B-day

(i) Journal
↓
(ii) Ledger } classification
↓
(iii) Trial Balance } Ledger Balance
↓
(iv) Final Account / Financial statement

(a) Trading A/c

(b) Profit & Loss A/c

(c) Balance sheet

(v) Analysis

2008

Trial Balance

Dr Particulers	Amount	Cr Particulers	Amount
Drawing —	3000৳	s/creditor —	13400৳
~~Bankover Draft~~ —	~~4600৳~~	~~cash at Bank~~ —	~~1=~~
Furniture —	3000৳	capital —	30000৳
Building —	20,000৳	~~Return in~~ —	~~2000৳~~
Insurence —	2400৳	comission —	2000৳
~~Discount receive~~		Bankoverdraft —	4600৳
wages —	5000৳	Discount receive	1000৳
opening stock —	17000৳		
s/Debitors —	15000৳		
purchases —	112000৳		
Rent —	1000৳		
salary —	9000৳		
carriage ~~in~~ —	1800৳		
cash at Bank —	3000৳		
Bad Debts —	800৳		
Return in —	2000৳		

Trading A/c

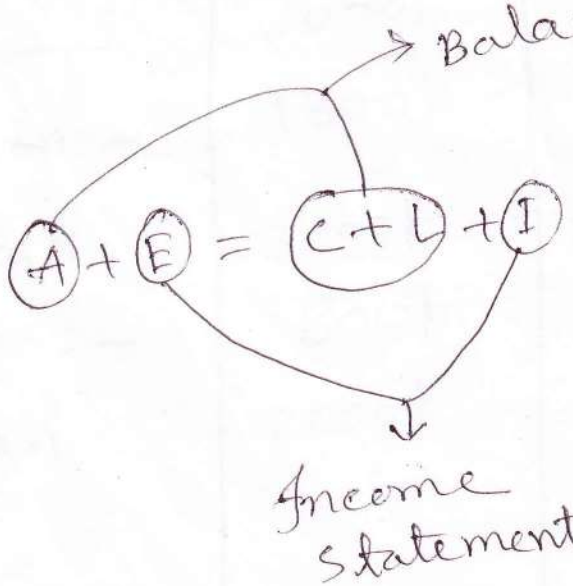
Dr particulers		Amount	particulers		Cr Amount
~~Sales~~	~~850000~~		Sales – 850000		
~~Less~~			Less Return	-1000	840000
opening stock	30000				
purchases – 550,000					
Less Return out – 5000	54000				

Date: 29-04-10
6th cycle, B-day

Trading Account (Ended 31st Dec)

Dr | Cr

Particulers	Amount	particulers	
openning stock-	15,000	Sales - 80500	
Purchases - 55500		Less Return - 1000	79500
Less return 500	55000		
	70000		
Less closing stock-	30500		
cost of sales	39500		
wages ——	5500		



Profit & Loss A/c

(Ended 31st Dec)

Dr			Cr	
Salaries – 35000			Gross profit	33000
Add. due – 1500		5000	Discount	500
Rent		2000	Interest	500
Insurence – 1000				
Less prepaid – 500		500		
Bad debts	500			
Add. Reservation for Bad debts	900	1400		
Commission		500		
Depreciation –				
Furniture – 1000				
Building – 2500		3500		
Net profit		21,100		
		34,000		34,000

Assn 2022 (Final A/c)

Next B-day &

2008- Trading A/c & Trial Balance

Balance sheet

Capital + Liabilities		Assets	
S/creditors —	17000	Cash at Bank-	50,000
Loan —	10,000	* Debtors - 18000	
* Salaries outstan-	1500	Less Reserve	
~~diary capital~~ capital →	88000	of bad Debts - 900	17100
Add. net profit - 21,100		Closing stock —	30,500
	10,9100	Investment —	10,000
Less. prawing 3000	106100	Furniture — 10,000	
		Less dep: 1000	9000
		Bulding - 50,000	
		Less dep - 2500	47500
		Goodwill —	15000
		Insurence prepaid —	500
	134600		134600

Cash Book

04-05-10
6th cycle, E-day

Dr | Cr

Date	Receipts		Amount	Date	payment		Amount
Feb 1	Sales A/C	–	5000৳	Feb 2	salary	–	3000৳
Feb 2	Mr X	–	2000৳		Balance	–	4000
			7000				7000

Types of cash Book :-

i) single column cash Book – (cash)
ii) Double " " " (cash & Bank)
iii) Triple " " " (cash, Bank & Discount)

Double column cash Book

Dr. Cr.

Date	Particulers	V. No	cash TK.	Bank TK.	Date	Particulers	V. No	cash
Feb 1, 2010	Balance b/d	—	12,000৳	25000	2010 Feb 3	Purchase	-	5000৳
Feb 5	Sales A/c	—	13000৳	—	Feb-10	Bank A/c	©	10,000৳
Feb-10	cash A/c	©	—	10,000৳				
Feb-12	Bank A/c	©	5000৳	—	Feb 12	cash A/c	©	—
" 18-	Mr. X A/c	—	5500৳		Feb 15	Salary A/c	—	3000
" 20	Mr. Y A/c	—	~~4500~~	4500	" 23	Mr. Y's A/c	—	—
" 28	Interes	—	—	500	" 28	Bank cheque	—	—
			35500	39000		Balance -		17500
								35500

Feb 1 - Balances :- cash TK - 12000৳

Bank TK - 25000৳

Feb 3 = purchased goods for cash TK. 5000৳

feb 5 : sold goods for cash TK. 13000

* Feb 7 :- purchased goods from Mr. Roy TK: 6000 (on credit)

↓

due

Feb 10- cash deposited into bank TK 10,000/-

Feb 12- cash withdrew from Bank TK. 5000/- for office use.

Feb-15- Salaries paid in cash TK 3000/- & by ~~cheque~~ cheque TK 5000/-

Feb 18- A cheque received from Mr. X TK. 5500/-

Feb 20- A cheque received from Mr. Y TK 4500 and deposited into bank on the same day.

Feb 25- A cheque dishonoured by the bank which was received from Mr. Y TK. 5500/-

Feb 27- A cheque discounted from bank

Feb 28- Bank interest credited TK. 500/- and bank charges debited TK. 300/-

8th cycle, B-day

Date:- 03-06-10

Cost Accounting

Cost Accounting may be described as being that the part of the accounting procedure of an enterprize which deals with the task of determining, Reporting, & Analyles & controlling the cost of particular product, jobs, survice and depertment of a company.

Three main objectives of cost Accounting are:-

i) To determine product cost

ii) To facilitate planning & control of regular business activities

iii) To surve information for short run and long run decission.

classification of cost :-

1. Elements of cost

   (a) Direct cost (i) Direct material
   (ii) " labour
   (iii) " Expenses.
   } variable

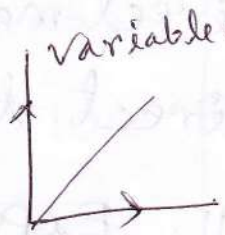
   (b) Indirect cost
   - Indirect material
   - " labour
   - " Expenses

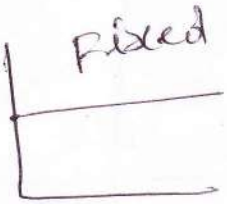
2. Function wise :-

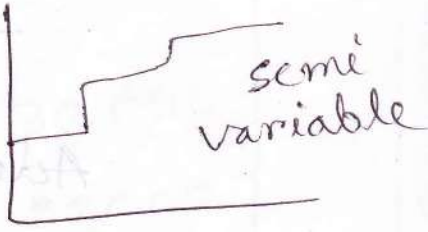
   (a) production cost
   (b) Administrative & office expenses
   (c) selling & Distribution exp.

3. Behaviour wise :-

   (a) Fixed cost
   (b) variable cost
   (c) semi - variable cost







Cost Analysis — 8th cycle, E-d
Cost statement — Date:- 08-06-

→ Direct materials
Direct labour
Direct expenses

Prime cost
Add Factory overhead

Works cost / production cost
cost of goods finished
Add: Administrative & office ~~cost~~ exp.
selling & Distribution exp

Total cost

* cost statement 500 units.

	Total	Per unit
Direct materials - 1000x500	500000	1000
Direct labour - (500x500)	250,000	500
" Expenses ----	50,000	100
Prime cost - - ---	800000	
Add factory overhead:- 20000		
Fixed variable ↳ 40000	60000	120

F.O

- Factory rent
- " insurence
- " depreciation
- " supervision cost

⇓ ⇓

Works cost / Manufacturing cost — 860,000

Add: opening work in process —

Less: closing " " " —

cost of goods finished — 500	860,000	
Add: opening stock of " goods — 50	40,000	
cost of Goods available for sale — 550	900000	
Less: closing stock of finished goods — 100	172,000	
cost of sales / cost of goods sold — 450	728000	
Add: Administrative & off. exp —	30,000	
selling & Distribution exp —	22000	
Total cost of sales	780,000	

	Total	per unit
Total cost of sales 450	780000	1733.33
Profit	2,10,000	
Sales (450×2200)	990,000	2200

* Sales ——— 990,000

Less: cost of good sold – 7,28,000

Gross profit ——— 262000

Less: Administrative exp – 30,000

selling exp – 22,000 52,000

Net profit ——— 2,10,000

★ cost statement which shows the details cost of a production.

9th cycle, B-day

Date: 10-06-10

☆ The following data are related to manufacture of a standard product during the month December 2009. Raw materials consumed TK. 45000. Direct wages TK. 35000, Factory overhead was 75% of direct wages. Administrative overhead 20% of works cost, selling overhead were TK. 2.5 per unit. Profit 20% on total cost of goods sold. units produced during the month 4000 and units sold 3500.

✱ The company plans to sell 500 units next month, wages rate and material price are expected to increase by 20% and 10% respectively. Factory overhead is applied on the basis of direct wages. Other costs and selling price will remain unchanged. Prepare a statement of cost from the above

Statement of cost, M-December, units: 4000

	Total	Per unit
Direct materials	45,000	11.25
Direct wages	35,000	8.75
Prime cost	80000	
Add: Factory overhead (35000 × 75%)	26,250	
Works cost/ cost of goods finished	106,250	26.56
Less: closing stock of finished goods (4000 − 3500) = (500 × 26.56)	13280	
cost of goods sold - (3500)	92,970	
Add: Administrative overhead (106250 × 20%)	21250	
Selling overhead (3500 × 2.50)	8250	
Total cost of goods sold	122970	
Profit - (122970 × 20%)	24594	
sales — (3500)	147564	36.89

61875

Statement of cost

Month - January 2010 units 5000

	Total	per unit
Direct materials (5000 X 12.375)	61875	12.375
" wages (5000 X 10.50)	52500	10.50
Prime cost	114375	
Add: Factory overhead (52500 X 75%)	39375	
works cost/.	153750	
Add: opening stock (4000-3500) (500 X 26.50)	13280	
cost of goods sold (3500 units)	167030	
Add: Administrative overhead (106250 X 20%)	21,250	
selling " (3500 X 2.50)	8750	
Total cost of goods sold.	197030	
profit (122970 X 20%)	5865	
Sales (5500 X 36.89)	202895	

$4000 \times 11.25 = 4500$

$5000 \times 11.25 = 56250 + 56250 \times 10\%$

$= 61875$

8.75
1.75
10.50

9th cycle, E-day

Date:- 15-06-10

Break-Even Analysis :-

(I) profit = P = (S-F-V)

(II) contribution = C = (S-V)/(F+P)

(III) profit volume ratio = P/V ratio = $\frac{C}{S}$

(IV) Break Even point = BEP = (Total sales = Total cos

(V) Break Event chart

(VI) Margin of safety = (Total sales - BE sales)

(VII) ~~Ag~~ Angle of incidence

(VIII) Target sales. = $\frac{(F+P)S}{S-V}$

✡ BEP in units = $\frac{F(\text{Total})}{S-V(\text{per unit})}$

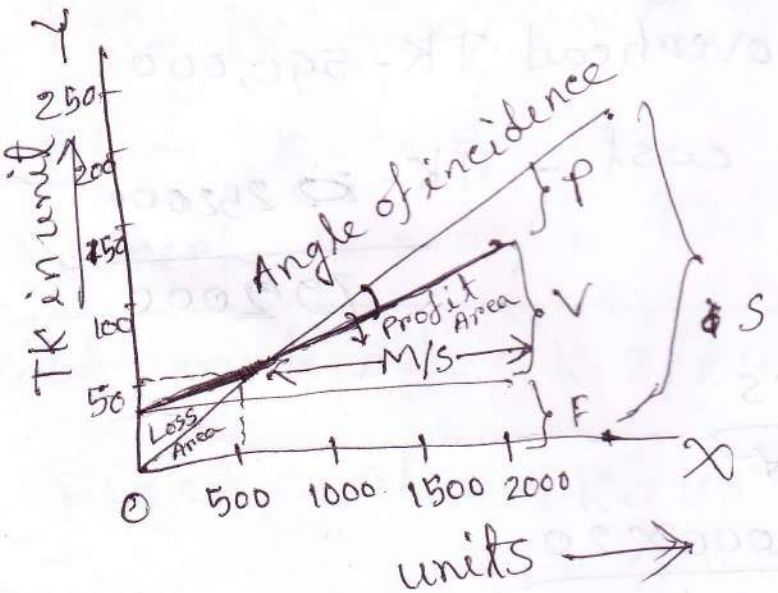
$F = 20000$
$S = 100$
$V = 60$

✡ BE sales volume = $\frac{F \times S}{S-V}$

$= \frac{F}{C/S}$

$= \frac{F}{P/V \text{ ratio}}$

Break Event chart



$F = 20000$
$S = 2000$ units @ Tk 20
$V = 60$

$S = 2000 \times 100 = 200000$

$F = 20000$

$V = 12000$

Ex-10
page no-537

10th cycle, B-day
Date: 17-6-10

Page no-497
P.NO-11

☆ P. cost = Prime cost + Variable Factory overh

P.NO-11

Given that,

S = TK. 20 percent

variable manufacturing cost TK 11/unit

" selling " TK 3/ "

Fixed factory overhead TK- 540,000

" selling cost - TK- 252000

792000

B.E sales = $\frac{F \times S}{S-V}$

= $\frac{792000 \times 20}{20-14}$

=

☆ Break even point change হয় কখন?
☆ BEP কে কোন volume এ হয় তখন effect করে।

P = 60,000
S = TK 20
V = TK 14
F = TK. 792000

Target sales = $\frac{F+P}{S-V}$

= $\frac{792000+60000}{20-14}$

=

P/V ratio $= \frac{C}{S}$

Problem NO-12

P. NO-13 :-

selling price - TK 10/unit

Less: Trade discount - 5% = 0.5

selling price = 9.5

DM - TK 3.00/unit

D.L - TK 2.00/ "

V. overhead - 2.00/ "

Total variable cost - TK 7/unit

Fixed cost = TK. 10,000

$$BEP = \frac{F}{S-V}$$

$$= \frac{10000}{9.5-7}$$

$$= \frac{10000}{2.5}$$

= 4000 unit

sales = 4000 + 4000 x 10%

= 4000 + 400

= 4400

Again,

C = S - V

= 9.5 - 7 = 2.5/unit

$C = P + F$

$\Rightarrow P = C - F$

$= 4400 \times 2.5 - 10,000$

$=$

★ Given that

M/S = 30%

P/V ratio = 40%

Sales - TK. 3000 units @ TK 100 per unit

Find that ① BEP

② Profit

Page no - 540-541
Problem no - 3

	1st year	2nd year
Sales	80,000	90,000
Profit	10,000	14,000

	Sales	Profit
Second year —	90,000	14,000
1st year —	80,000	10,000
change	10,000	4,000

We know, $S - V = F + P$

$\Rightarrow 10000 - V = 0 + 4000$

$\therefore V = 6,000$

$$P/V \text{ ratio} = \frac{S-V}{S} = \frac{10000-6000}{10000}$$

$$= 40\%$$

$$P/V \text{ ratio} = \frac{\text{change in profit}}{\text{change in sales}}$$

$$P/V \text{ ratio} = \frac{C}{S}$$

$\therefore C = P/V \text{ ratio} \times S$

Contribution in 1st year, $C = 40\% \times 80,000$

$C = 32000$

Again,

$C = F + P$

$\Rightarrow F = C - P$

$= 32000 - 1000$

$\therefore F = 22,000$

$S - V = F + P$

$\Rightarrow S - F - P = V$

$\therefore V = 80000 - (22000 + 10000)$

$\therefore V = 48000$

(b) BE point $= \frac{F}{P/V \text{ ratio}} = \frac{22000}{40\%} = 55000$ Tk.

$= \frac{F \times S}{S - V} = \frac{22000 \times 80000}{80000 - 48000}$

$=$ Tk. 55000.

(c) sales = 50000 K

P/V ratio = 40%

C = p/v ratio × S

= 20,000

$P = C - F$

$= 20,000 - 22000$

$P = -2000$

$\therefore$ Loss = 2000 Tk.

(d) $\frac{F+P}{P/V \text{ ratio}} = \frac{22000+19000}{40\%}$

☆

$P/V \text{ ratio} = \frac{C}{S}$

$\therefore C = P/V \text{ ratio} \times S$

$= 100 \times 40\%$

$= Tk.\ 40/\text{unit}$

$\therefore V = S - C$

$= 100 - 40$

$= 60$

$M/S = \frac{P}{P/V \text{ ratio}}$

$P = M/S \times P/V \text{ ratio}$

$= 30\% \times 40\%$

$= 12\% \text{ of sales}$

$\text{Profit} = 3000 \times 100 \times 12\%$

$= Tk.\ 36000$

$S = F + V + P$

$\Rightarrow 3000 \times 100 = F + (3000 \times 60) + 36000$

$\therefore F = 300000 - 180000 - 36000$

$\therefore F = Tk.\ 84000$

Process costing

Process-1

Materials	units	Total cost	cost per unit
Materials –	2000	40,000	20
Labour –		30,000	15
Indirect Mat-		10,000	05
overhead –		8,000	04
		88,000	44

Process-2

Materials	units	Total cost	cost per unit
process-1	2000	88000	44
Labour –		32,000	16
Indirect materials –		10,000	5
overhead –		10,000	5
	2000	140,000	70

Process-2

	2,000	88,000	44
		88,000	

Process-3

	2000	140,000	70
	2000	140000	70

11/E-day

Date:-15-07-10

The following cost and production figures are obtained in respect of each process for the month of February.

	Process I	Process II
units introduced	1900	—
units transfered to next process	1700	—
units transfered to finished stock	—	1700
value of units introduced	TK 1050	—
Materials	—	916
Labour	6975	4190
overhed	2620	2462

The wastage which is 5% normal in each process is sold at TK. 2 per unit.

Prepare the necessary accounts.

Process 1 A/c

	Quantity	Per unit cost	Total cost		Quan	Per unit cost
Direct material	1900	-	10450	Process-II-	1760	11
Labour ---	-	-	6975	Normal loss	95	2
overhead ---	-	-	2620	Abnormal loss -	45	11
	1900		20,045		1900	20,0

units

Input — 1900

Normal Loss — 95

1805 ⟶ 20,045

Actual output — ~~1760~~ 1760 . N. loss (95×2) 190

Abnormal loss — 45 = 19855

cost per unit = $\frac{20045}{1805}$

cost per unit = $\frac{19855}{1805}$

= TK. 11

Process-II A/c

	Quantity	Per unit cost	T/C				
Process I —	1760	-	19360				
Materials —	—	—	916	Normal Loss — unit trans to finished stock —	88	2	176
Labour ---	-	-	4190				
overhead ---	-	-	2462		1700	16	27200
Abnormal gain	28	16	448				
			~~26,928~~				
	1788		27376		1788		27376

	units		
input —	1760	—	26928
		—	176
N. Loss 5% —	88		
	1672		26752

Actual output 1700

Abnormal gain = 28

12th cycle, E-day

Date:- 25-07-10

Standard cost :- standard cost is the predetermined cost which is computed in advance of production on the basis of specification of all factors affecting standard cost and use of standard cost.

standard cost has been defined

standard cost involves :-

(i) asserptainment and use of standard cost
(ii) Measurement of Actual cost
(iii) comparison of standard and actual cost to develope variences
(iv) Analysis variences & Taking appropr ate where necessary.

Varience :- The deviation of standard from actual is called varience.

When actual result is better than standard

~~then it is~~

or, actual result is less than standard cost

then it is called favourable varience.

Types of variance cost :-

(i) Material variance

(ii) Labour " "

(iii) overhead " "

a) Total variance = standard cost - Actual cost

$= (St - A)$

$= (100 \times 10 - 100 \times 9)$

$= 1000 - 900$

$= 100 (F)$

(i) price variance = $AQ(SP - AP)$

(ii) usage variance = (i) $SP(SQ - AQ)$

☆ when single material is used

(ii) $SP(SQ - R.S.Q)$

☆ when more materials ~~is~~ are used

R.S.Q → Revise standard Quantity

Math

St. cost of 100 units

St = Materials - 200 lbs @ TK. 10

Actual = 225 @ TK 9

✱ Total variance = (st. cost - A. cost)

= 200×10 - 225×9

= 2000 - 2025

= 25 (UF)

✱ Price variance = AQ (SP - AP)

= 225 (10 - 9)

= 225×1 = 225 (F)

✱ Usage variance = SP (SQ - AQ)

= 10 (200 - 225)

= 10 (-25)

= ~~250 (UF)~~ 250 (UF)

T.V = price var + usage var.

25 (UF) = 225 (F) + 250 (UF)

(iii) Mix variance = (i) SP (SQ - AQ) → Don't differ

(ii) SP (R.SQ - AQ) → when difference

(i)

	S	A
A	200 lbs	175 lbs
B	100 lbs	125 lbs
	300 lbs	300 lbs

(ii)

	S	A
A	200 lbs	190 lbs
B	100 "	130 lbs
	300 lbs	320 lbs

* R.SQ = $\frac{\text{T. AQ} \times \text{SQ of each type of material}}{\text{Total SQ}}$

$$A = R.SQ = \frac{320 \times 200}{300} =$$

$$B = R.SQ = \frac{320 \times 100}{300} =$$

* Standard production ------ 100 units

Actual " ------ 80 "

Standard materials per unit -- 10 lbs

Actual " used ------ 880 lbs

standard price — TK 4.50 per lb

Actual " — TK 4.30 " lb

Solution:

Standard quantity for 80 units

= 80 units x 10 lbs

= 800 units

Standard cost = 800 units x 4.5

= TK. 3600

Actual cost = 880 x 4.3

= ~~3440~~ 3784

Total/Material cost variance = St. cost - A. cost

= 3600 - ~~3440~~ 3784

= ~~160 (F)~~ 184 (UF)

Price variance = Actual quantity (S.P - A.P)

= 880 (4.5 - 4.3)

= 176 (F)

Usage variance = SP (SQ - AQ)

= 4.50 (800 - 880)

= 4.50 × 80

= 360 (UF)

* Compute the materials usage variance from the following informations.

	st. cost per unit	Actual
Material A — 2 pices	@ TK 1 = 2	2050 pieces
" B — 3 "	@ TK 2 = 6	2980 "
units completed —		1000

St. standard quantity for 1000 units,

Material A = 2 × 1000 = 2000 units

" B = 3 × 1000 = 3000 units

Material usage variance = S.P (SQ - AQ)

Material A = 1 (2000 - 2050) = 50 (UF)

" B = 2 (3000 - 2980) = 40 (F)

10 (UF)

13/E day

02-08-10

Standard		Actual	
Materials A	120 Kgs @ TK 5	112 Kgs	@ TK 5
B	80 Kgs @ TK. 10	88 "	@ TK 10
	200 Kgs	212 Kgs	

Calculate Mix variance

Mix variance = SP (SQ - AQ)

Materials A = 5 (120 - 112) = 5 × 8 = 40 (F)

B = 10 (80 - 88) = 10 × 8 = 80 (UF)

40 (UF)

R.S Mix A = $\frac{212 \times 120}{200}$ = 127 Kgs

B = $\frac{212 \times 80}{200}$ = 85 Kgs

212

Mix variance = SP (SQ - RSQ)

Materials A = 5 (120 - 127) = 5 × 7 = 35 (UF)

B = 10 (80 - 85) = 10 × 5 = 50 (UF)

85 (UF)

13 th cycle, 8 day

Date :- 27-07-10

☆ yield variance / output variance

	Standard		Actual	
Material A	120 kg @ 5 = 600		112 kg @ 5 = 560	
	80 kg @ 10 = 800	1400	88 kg @ 10 = 580	1440
Standard loss 30%	200 kg		200 kg	
Actual " 25%	Less: loss 60 kg		50	
	140 kgs	TK. 1400	150 kg	TK. 1440

$$\text{Standard cost per unit} = \frac{1400}{140}$$

$$= \text{TK. } 10$$

$$\text{yield variance} = \text{S. cost per unit} \times (\text{S. yield} - \text{A. yield})$$

(S. yield, A. yield → quantity)

$$= 10(140 - 150)$$

$$= 10 \times 10$$

$$= 100 \text{ (F)}$$

14th cycle, B-day

Date:- 04-08-2010

Nominal Account → Profit & loss Account

Personal & ~~Asset~~ → Balance sheet,

Asset → Profit & loss Account.

(I) Process ~~of~~ costing

(II) Break even Analysis

(III) cost statement

Date:- 06-04-10

Dr Triple column cash BOOK Cr

Date	Particulers	V. No	Discount	Cash A/C	Bank A/C	Date	Particulers	V. No	Discount	Cash A/C	Bank A/C
2010 Mar-1	Balance b/d	—	—	8500	—	2010 Mar 1	Balance B/d	—	—	—	1500
11-2	sales —	—	—	18500		M-3	Purchase A/C			7500	
11-4	Mr. X's A/C	—	500	4500							
11-6	Cash A/C	(C)	—	—	10,000	M-6	Bank A/C	(C)		10,000	
11-15	Mr X's A/C	—	—	—	5000						
11-20	Mr. Ali's A/C	—	500	4500	—	M-10	Purchase A/C —		—	—	4,000
11-30	Interest	—	—	—	200						
						M-12	Mr. Y's A/C	—	200	3000	
M-31	Cash A/C	(C)	—	—	12000						
						M-22	Employee's A/C	—	—	3000	
						30	Bank charges A/C	—	—		100
						31	Bank A/C	(C)	—	12000	
			1000								
				36000	27200						
										500	2160
											21600
										36000	
									200		2720

March-1- Balances: cash TK. 8500

Bank — 1500 (cr)

Mar-2 - cash sales TK. 18500 and cash purchase TK-7500

Mar-4 cash received from Mr. X TK 4500 in ful settlement of his account TK. 500.

Mar-6 cash deposited into bank TK. 10,000

Mar-10 cash purchases ~~of 150~~ of goods TK 4000 paid by cheque.

Mar-12 paid cash TK. 3000 to Mr. Y and discount recived TK. 200

Mar-15 Mr X directly deposited into bank TK. 5000

Mar-20 cheque received from Mr. Ali 4500 and allowed his discount T

Mar-22 Advance to employee TK. 3000

M-30 Bank interest credited TK. 200 and charges debited TK. 100.

M-31. out of cash balance except TK. 500 remaining amount deposited into bank.

Date:- 20-7-10

* standard costing

Normal loss A/c

Process-I	95	2	110	cash-	95	2	190
Process-II	88	2	176	cash-	60	2	120
				Abnormal gain	28	2	56
	183		366		183		366

Abnormal loss A/c

Process-I	45	11	495	cash	45	2	90
				Profit & loss A/c	—	—	405
	45		495		45		495

Abnormal gain A/c

Normal loss	28	2	56	Process-II	28	16	44
Profit & loss A/c	—	—	392				4
			448				

Finished stock A/c

Process-II	1700	16	27,200	Balance-	1700	16	27200
	1700		27200		1700		27200