

Course: Cost Accounting
Semester: 4th
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Program: BBA
Major Assignment
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Q no 1:-

Inventory:-

Inventory is the material, where business holds the inventory for the purpose to achieve the goal or resale the inventory. It is also known as current asset.

Inventory is the raw material, parts and finished products etc, when the company purchased from outside and manufactured goods for resale or dispatch.

Q no 2:-

Planning:-

Planning is the procedure of thinking about different activities in advance for the purpose to achieve an important goal for the company performance.

Control:-

Control is the function it helps to investigate errors and monitoring different activities in order to perform a corrective task or action.

Where planning and controlling is interdependent with each. If the planning is done without controlling and vice versa then it is incomplete.

Q no 3:-

Estimated factory overhead: -

Estimated overhead are these cost which is assign at the beginning of project or manufacturing of goods and used to compute the predetermine overhead rate.

Applied factory overhead:-

Applied overhead are these cost. which is applied at the end of manufacturing goods. It means that the cost applied to the finish goods.

Q no 4:- part 1:-

Ruthven Company
Cost of goods sold statement
Month ended, May

1-Material:-

Beginning material	\$8000
Purchase	\$36000
Material available for use	\$44000
Ending material	(\$8000)
Total material consumed	\$36000

2-direct labor: - \$15000

3-factory overhead: - 2/3 of D.L \$10000

Total manufacturing cost \$61000

4-work in process:-

Beginning work in process	\$8000
Ending work in process	(\$15000)

Cost of goods manufactured \$54000

5-finished goods:-

Beginning finished goods \$7000

Ending finished goods (\$10200)

Cost of goods sold \$50800

Q no 4:- part 2:-

Ruthven company

Income statement

Month ended, may

Sales	\$72000
C.G.S	(\$50800)
Gross profit	\$21200
Marketing expense	(\$3600)
Administration expense	(\$720)
Other expense	(\$3600)
Net income	\$13280

Marketing expense =5% of sales

$$=5/100 * 72000$$

$$= \$3600$$

Adm expense =1% of sales

$$=1/100 * 72000$$

$$= \$720.$$

Write a complete note, how you have solved this problem further more elaborate every hiding which used in cost of goods sold statement.

How I Solved that:

Will we have done a practices question in our class regarding cost of goods sold statement in which learn about what are beginning and ending material and what are direct labor etc. So keep in mind all those thing and the way teacher thought us by that I have done this question.

a) Beginning Material:

It is a kind of material which a company has in the start of the year.

b) Ending Material:

These are those material which company has and the end of year.

c) Purchases:

Purchases are those things which company need during the year and purchased them.

d) Direct Labor:

Those labor which are directly involved in the production process.

e) Factory over-Head:

Those expenses which are not directly involved in the production process.