

Question 1: Differentiate between process costing and job order costing.

Answer:

### Process costing

It is a method of cost accounting applied to production carried out by a series of operational, stages or processes. It is a continuous production process.

In process costing all units produce are similar. The whole process is divided into several departments.

### Job order costing

The costing system that separately accumulates costs incurred to produce each job in a situation where each job is distinguishable from the other throughout the production process. The job may be a single unit or a multi unit batch, a contract or a project, program or a service. Job costing is employed by organizations possessing following characteristics.

1. Every order has its own manufacturing specifications. Therefore, every job is different from the other and requires different amounts materials, labor and overhead.
2. Each job is clearly distinguishable from the other at all stages production process which makes job wise accumulation of possible.
3. Each job is generally of high value.
4. Production is generally in response of customers' orders
5. Job wise accumulation of cost is desirable and/or necessary for and profit determination.
6. Job costing is more expensive as compared with process costing.

Question 2: Discuss the Avoidable and Unavoidable Causes of Labor Turnover.

Question 3: During January, 19,000 units were completed and transferred. At January 31st, 6,500 units remained in work in process that was 30 percent completed as to material, Labour and FOH. At the end of month 3,500 units were completed and awaiting to transfer. How many units were started during January?

Answer:

1. Total units completd in Jan = 19000 units
2. Units in process in 31 Jan =6500 units
3. At the end completed units =3500 units
4. So , total units in jan started =19000 +6500 =25500
5. Total units started in Jan =25500

Question 4: During the year ended June 30, 2006. Factory overheads for the year were Rs.380,000. The inventory balances are as follows:

	July 1, 2005	June 30, 2006
Finished goods	90,000	105,000
Work in process	121,000	110,000
Materials	100,000	105,000

Required:

1. Cost Of Goods Manufactured Statement.