B.Com (Hons.)

Cost Accounting-3 Assignment

Course Code: DSC-C-ACC- 351

UNIT 1— PROCESS ACCOUNTING

THEORY QUESTIONS

1. Explain any five points of difference between job costing and process costing.
2. State any three features of process accounting.
3. Explain the following terms:
    1. Normal loss
    2. Abnormal wastage
    3. Abnormal gain
    4. Scrape value
    5. By-product
    6. Normal cost of normal output
4. Explain various methods of apportioning joint cost in detail explain methods of accounting of by-products.
5. Prepare specimen account of the abnormal gain.

Short Examples

1. A company uses process costing to value its output and all materials are input at the start of the process following information relates to the process for one month input 3000 units opening stock 400 units normal loss 10 percentage of input closing stock 200 units find out output if actual losses were 400 units

2. A product passes through 4 processes. The output of each process is input of subsequent process. The loss in 4 processes is respectively 25% 20% 20% and 16 2/3 % of the input. Product at the end of the last process is 40000 kg. Find out input in first process.

3. Units introduce in process 15000 units. Normal wastage is 8% of input. Actual production 13500 units. Find out normal wastage units.

4. A product passes through three processes. In process one wastage is 8%, in process to abnormal gain is 10% and in process 3 wastage is 10% of units introduced. The final output of last of last process is 2277 units find out number of units introduced in process 1.

Kindly prepare all multiple-choice questions.

Examples (Attempt any 7 others than done in class)

Sr no	Particulars
1	Guj uni 1994, Varda Manufacturing
2	Guj uni 1997 – Samarth Limited
3	Sales value after further processing cost – Guj uni 2002,2016
4	Guj uni 2005- Gajanan limited
5	Anamika Company – Gun uni 2013
6	Kavish limited– Guj uni 2014
7	Hiteshi limited – Guj uni 2014
8	Guj uni 2015 – Main product – by product
9	Guj uni 2016, Process A B C

10	Sagar company – Guj uni 2017
11	Process x y z – Guj uni 2018
12	Anurag Company – Guj uni 2019
13	Sam Manufacturing – guj uni 2021
14	Guj uni 2022—ABC
15	Guj uni 2023 – FY SY TY

UNIT 2— PROCESS ACCOUNTING 2 AND 3 (INTER PROCESS PROFIT) and (CALCULATION OF EQUIVALENT PRODUCTION)

<u>THEORY QUESTIONS</u>

1. Explain inter process profit and transfer price
2. Explain concept of unrealized profit in stocks
3. Explain valuation of process stocks under fifo method
4. explain valuation of working progress under fifo method

<u>Short Examples</u>

5. From the given information, calculate unrealized profit in closing stock
   Total expenses RS 1048000
   Total cost RS 822080
   Total profit rupees 225920
   Closing stock rupees 128000

Kindly prepare all multiple-choice questions.

<u>Examples (Attempt any 4 others than done in class)</u>

Sr no	**Particulars**
1	Guj uni 2005- Anand Company
	Guj uni 2010 Process I II III and finished goods
	Guj uni 2011 – Gada electronics
	Jasal Company – Guj uni 2012
	Guj uni 2003, Process of AXE
	A LIMITED – Guj uni 2009
<u>EXAMPLES ON EQUIVALENT PRODUCTION (ATTEMPT ANY 5 OTHER THAN DONE IN CLASS) PROCESS 3</u>	
1.	Guj uni 2018—Process II March 2012
2.	AXE Company – Guj uni 1990
3.	Chemical company guj uni 2000
4.	Process 2 – guj uni 1999
5.	Guj uni 2008 – Yatrik company
6.	Daya limited – Guj uni 2011
7.	Kamal limited Guj uni 2019
8.	Jay Company guj uni 2014
9.	Shruti Limited – Guj uni 2012
10.	Birva limited Guj uni 2013

Unit-3 Standard Costing -1

1. A standard mix of a product of The Anand Ltd. is as follows:

Material	Standard Mix Kg.	Standard Price per Kg.
X	100	5
Y	40	4
Z	60	10

The standard loss is estimated at 10% of units introduced. There is no scrap value. Actual output of product was 14,400 kgs. Actual consumption and cost of goods were as follows:

Material	Actual Mix Kg.	Actual Price per Kg.
X	8,320	5.50
Y	3,360	3.75
Z	5,120	9.50

Find out the following variances:

1. Material cost variance
2. Material price variance
3. Material usage variance
4. Material mix variance
5. Material yield variance

2. A standard mix of a product is as follows:

Material	Kg. (in percentage)	Standard Price per kg. Rs.
A	50	5
B	20	4
C	30	10

The standard loss is estimated at 10% of units introduced. There is no scrap value.
Actual output of product was 360 kgs. Actual consumption and cost of goods were as follows:

Material	Kgs.	Actual Price per kg. Rs.
A	230	6
B	100	5
C	170	9
Total	500	

Find out the following variances:

1. Material Cost Variance
2. Material Price Variance
3. Material Usage Variance
4. Material Mix Variance
5. Material Yield Variance

3. The details of workers engaged in the production of 10 units of item 'M' in a factory:

Workers	Standard Hours	Standard Labour Rate per hour Rs.
Men	200	10
Women	100	8
Children	100	5
Total	400	

Actual production was 100 units, and the details are as follows:

Workers	Actual Hours	Actual Labour Rate per hour Rs.
Men	2,150	9.50
Women	1,250	7
Children	1,200	6
Total	4,600	

Find out the following variances:

1. Labour Cost Variance
2. Labour Rate Variance
3. Labour Efficiency Variance

4. Labour Mix Variance
5. Labour Yield Variance

4. The following was the composition of a gang of workers in a factory during a particular month, in one of the production departments. The standard composition of workers and wage rate per hour were as below:
Skilled 2: Workers at a standard rate of Rs. 20 per hour each.
Semi-skilled 4: Workers at a standard rate of Rs. 12 per hour each.
Unskilled 4: Workers at a standard rate of Rs. 8 per hour each.
The standard output of the gang was 4 units per hour of the product.
During the month, however, the actual composition of the gang and hourly rates paid were as under:

Nature of workers	No. of workers	Wage rate paid per worker per hour engaged
Skilled	2	Rs. 20
Semi-skilled	3	Rs. 14
Unskilled	5	Rs. 10

The gang was engaged for 200 hours during the month, which included 12 hours when no production was possible, due to machine breakdown. 810 units of the product were recorded as output of the gang during the month.

Compute undermentioned labour variances:

1. Labour cost variance
2. Labour rate variance
3. Labour efficiency variance
4. Idle time variance
5. Labour yield variance
6. Labour mix variance

5. Explain the concept Standard costing with its benefits and limitation.

Unit-4 Standard Costing-2

1. From the following calculate Sales Variance

Product	Standard Units	Standard Price per Unit (Rs.)	Standard Total (Rs.)	Actual Units	Actual Price per Unit (Rs.)	Actual Total (Rs.)
A	8,000	8	64,000	10,000	9	90,000
B	7,000	10	70,000	8,000	9	72,000
C	10,000	7	70,000	12,000	8	96,000
Total	25,000		2,04,000	30,000		2,58,000

2. **Budgeted Sales:**

- Product A: 1,800 units at ₹10 per unit
- Product B: 1,300 units at ₹20 per unit
- Product C: 2,400 units at ₹15 per unit

Actual Sales:

- Product A: 2,000 units at ₹11 per unit
- Product B: 1,400 units at ₹19 per unit
- Product C: 2,200 units at ₹16 per unit

Cost per Unit:

- Product A: ₹9
- Product B: ₹17
- Product C: ₹13

Task: Calculate sales variances based on profit.

3. **Nirgun Co. Ltd.** is using a standard costing system in operation for quite some time. The following data relating to the month of March, 2016 is available from the cost records:

Particulars	Budgeted	Actual
Output (in units)	90,000	97,500

Operating Hours	90,000	99,000
Fixed Overheads (Rs.)	1,35,000	1,50,000
Variable Overheads (Rs.)	5,40,000	5,64,000
Working Days	25	26

You are required to work out the **Variable Overheads Variances** and **Fixed Overheads Variances**.

4. The following details are taken from the cost records of Ajay Ltd.

Calculate Fixed Overheads Variances:

Particulars	Standard	Actual
Hours	550	450
Fixed Overheads (Rs.)	26,400	26,880
Standard Production Rate (Units)	6	-
Days	25	27
Production (Units)	-	3,696

Calculate:

1. Total Fixed Overheads Variance
2. Expenditure (Budget) Variance
3. Volume Variance
4. Efficiency Variance
5. Capacity Variance
6. Calendar Variance

5. **Nirgun Co. Ltd.** is using a standard costing system in operation for quite some time. The following data relating to the month of March, 2016 is available from the cost records:

Particulars	Budgeted	Actual
Output (in units)	90,000	97,500
Operating Hours	90,000	99,000
Fixed Overheads (Rs.)	1,35,000	1,50,000
Variable Overheads (Rs.)	5,40,000	5,64,000
Working Days	25	26

You are required to calculate the following:

1. Variable Overheads Variances
2. Fixed Overheads Variances

6. The following information is available from the books of a Company:

Particulars	Budgeted	Actual
Monthly Hours	6,000	6,300
Monthly Production Units	4,000	4,400
Variable Overheads (Rs.)	18,000	22,050

Calculate the following Variances:

1. Variable Overheads Cost Variance
2. Variable Overheads Expenditure Variance
3. Variable Overheads Efficiency Variance