**GOVERNMENT ARTS AND SCIENCE COLLEGE, PEARAVURANI**

**DEPARTMENT OF COMMERCE**

**COST ACCOUNTING (16CCCCM7)**

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1. A Product passes through three distinct processes to completion. During March, 500 units were produced. From the following information prepare process accounts showing the total cost as well as cost per unit.

Process 1 Process2 Process3

 Rs. Rs. Rs.

 Materials 10000 7000 3000

 Labour 2500 2000 2500

 Direct Expenses:

 Fuel 500 1000 500

 Carriage 1500 500 1000

 Works overheads 2000 2500 2000

 Indirect expenses Rs. 14000 should be appertained on the basis of wages.

Ans.

 Process 1 Account Production 500 units

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Amount Rs. | Per units Rs. |  | Amount Rs. | Per unit Rs. |
| To MaterialsTo LabourTo Direct Expences :FuelCarriageTo works OverheadsTo Indirect Expenses (1) |  10000 2500 500 1500  2000 5000  |  20.00 5.00 1.00 3.00 4.00 10.00  | By Transfer to Process 2 A/c | 21500 | 43.00 |
|  |  21500 |  43.00 |  | 21500 | 43.00 |

 Process 2 Account

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Amount Rs. | Per units Rs. |  | Amount Rs. | Per unit Rs. |
| To Transfer from process 1 a/cTo MaterialsTo LabourTo Direct Expences :FuelCarriageTo works OverheadsTo Indirect Expenses (1) |   21500 7500 2000  1000  500 2500 4000  |   43.00 14.00 4.00   2.00 1.00 5.00 8.00  | By Transfer to Process 3 A/c | 38500 | 77.00 |
|  |  38500 |  77.00 |  | 38500 | 77.00 |

Process 3 Account

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Amount Rs. | Per units Rs. |  | Amount Rs. | Per unit Rs. |
| To Transfer from process 2 a/cTo MaterialsTo LabourTo Direct Expences :FuelCarriageTo works OverheadsTo Indirect Expenses (1) |   38500 3000 2500  500  1000 2000 5000  |   77.00 6.00 5.00   1.00 2.00 4.00 1.00  | By Finished stock A/c |  52500 |  105.00 |
|  |  52500 |  105.00 |  |  52500 |  105.00 |

Working :

1. Apportionment of indirect expenses:

Indirect expenses Rs. 14000 it is to be apportioned on the basis of wages.

Ratio of wages = 2500 : 2000 : 2500

Indirect expenses – Process 1 Rs. 14000x 5/14= Rs. 5000

 Process 2 Rs. 14000x4/14= Rs. 4000

 Process 3 Rs. 14000x5/14= Rs. 5000

1. A liquid medicine passes through three processes. During the month of January 2010,600 gross bottles were produced. From the following details. Prepare process accounts.

Process X Process Y Process Z

 Materials 4000 2000 1500

 Labour 3000 2500 2300

 Direct expenses 600 200 500

 Cost of bottles \_\_\_\_ 2030 \_\_\_\_

 Cost of corks \_\_\_\_ \_\_\_\_ 325

 Indirect expenses were Rs. 1600. In process Y the byproducts were sold for Rs. 240. In Process Z the residue was sold for Rs. 125.50

Ans.

 Process X account

|  |  |  |  |
| --- | --- | --- | --- |
|  | Amount Rs. |  | Amount Rs. |
| To MaterialsTo LabourTo Direct ExpensesTo Indirect Expenses (1) |  4000 3000 600 615 | By Transfer to Process Y |  8215 |
|  |  8215 |  |  8215 |

Process Y account

|  |  |  |  |
| --- | --- | --- | --- |
|  | Amount Rs. |  | Amount Rs. |
| To Transfer form  Process XTo MaterialsTo LabourTo Direct ExpensesTo Indirect Expenses (1)To Cost of bottles | 821520002500 200 5132030 | By Sales of By ProductBy Transfer to Process Z |  240 15218  |
|  | 15458 |  | 15458 |

Process Z account

|  |  |  |  |
| --- | --- | --- | --- |
|  | Amount Rs. |  | Amount Rs. |
| To Transfer form  Process YTo MaterialsTo LabourTo Direct ExpensesTo Indirect Expenses (1)To Cost of bottles | 15218 1500 2300 500 472 325  | By Sales of residueBy Finished Stock a/c |  125.50 20189.50 |
|  | 20315 |  | 20315.00 |

Working : (1) Indirect expenses = Rs. 1600. It is to be apportioned in the ratio of labour 3000 : 2500 : 2300 = 30 : 25 : 23

Process X Rs. 1600x30/78= Rs.615

Process X Rs. 1600x25/78= Rs.513

Process X Rs. 1600x23/78= Rs.472