**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 Materials  To Labour  To Direct  Expences :  Fuel  Carriage  To works Overheads  To 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/c  To Materials  To Labour  To Direct  Expences :  Fuel  Carriage  To works Overheads  To 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/c  To Materials  To Labour  To Direct  Expences :  Fuel  Carriage  To works Overheads  To 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 Materials  To Labour  To Direct Expenses  To 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 X  To Materials  To Labour  To Direct Expenses  To Indirect Expenses (1)  To Cost of bottles | 8215  2000  2500  200  513  2030 | By Sales of By Product  By Transfer to Process Z | 240  15218 |
|  | 15458 |  | 15458 |

Process Z account

|  |  |  |  |
| --- | --- | --- | --- |
|  | Amount Rs. |  | Amount Rs. |
| To Transfer form  Process Y  To Materials  To Labour  To Direct Expenses  To Indirect Expenses (1)  To Cost of bottles | 15218  1500  2300  500  472  325 | By Sales of residue  By 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