

**UCCC & SPBCBA & SDHGCBCA & IT**

**S.Y.B.com Sem. – 4**

**Advanced Accounting and Auditing Paper – 3**

**Process Costing:**

**PRACTICE QUESTION-1**

1. 4000 units are introduced at a total cost of Rs 68,800. Normal loss is 10%. Each unit carries a scrap value of Rs 10. If the actual output is 3640 units, what will be the value of abnormal gain? [V.N.S.G.U. APRIL 2014]

2.

-The output of Process X was 2,500. units. Normal wastage allowed was 10% of input.

The abnormal wastage was 200 units.

Material @ Rs. 5 per unit

Labour @ Rs. 1.50 per unit

Production Overheads Rs. 2,850

Scrap realised Rs. 2.50 per unit.

Prepare an Abnormal loss account.

[V.N.S.G.U. APRIL 2023]

3. Information relating to process H and N were as follows:

Process	Normal loss (% of input)	Input (Litres)	Production (Litres)
H	8%	65,000	58,900
N	5%	37,500	35,700

Find out for each process abnormal loss or abnormal gain [V.N.S.G.U. Mar 2016]

4. A Raw material has to pass through three processes namely X, Y and Z to reach finished product stage and the normal loss is 8%, 5% and 10% respectively. In Process X,

abnormal wastage is 25% of normal wastage and abnormal gain is 20% of normal wastage in processing Z. The finished output is 3933 units. Find out the number of units initially introduced in process X. *[V.N.S.G.U. Mar 2019]*

5. 100 units are introduced in a process at a total cost of Rs 30,000. Normal loss is 15%. Each unit carrying a scrap value of Rs 50 each. If output is 90 units then what will be the value of abnormal gain? What will be the normal cost of one unit?

*[V.N.S.G.U. Mar 2017]*

6. A product passes through three processes A, B and C. 10,000 units at a cost of Rs 11 per unit were introduced in Process A. The direct expenses were as follows:

Particulars	Process A	Process B	Process C
Sundry materials	15,000	15,000	15,000
Direct labour	45,000	80,000	65,000
Direct expenses	10,000	10,000	15,030

The scrap of process A was 5% and in process B was 4% of input. The scrap of process A was sold at Rs 2.50 per unit, that of process B at Rs 5 per unit and that of process C at Rs 10 per unit.

The overhead charges were 160% of direct labour. The final product was sold at Rs 100 per unit fetching a profit of 20% on sales.

Prepare all process accounts and find out the number of units of scrap in process C.

*[V.N.S.G.U Apr 2017]*

7.

The following details have been found about the production processes of the factory from books of Neep's Chemical Ltd. Prepare each Process's account, Abnormal wastage or Abnormal gain account as well as By-product - 1 account and By-product - 2 account.

Particular	Process		
	A	B	C
Unit introduced (1.60 ₹ per unit)	22,500	-	-
Normal Wastage (% of units introduced)	5%	4%	870 (units)
The sales price of wastage (₹ Per unit)	0.20	0.40	0.80
Direct Material (₹)	2,500	4,500	3,500
Direct Labour (% of Direct Material)	200%	133 $\frac{1}{3}$ %	250%
Direct charges (₹)	1,025	2,340	1488
Overhead charges (% of Direct Labour)	140%	150%	100%
Abnormal wastage (units)	125	-	-
Abnormal gain (units)	-	125	-
Units transferred to the next Process (% of units introduced)	66 $\frac{2}{3}$ %	?	-
By-product (units)	?	3,125	-
The selling price of the By-product	33 $\frac{1}{3}$ % profit on Cost	16 $\frac{2}{3}$ % profit On sales price	-

Additional information:

At the end of the process 'A' gets by-product - 1 and at the end of the process 'B' gets by-product - 2.

[V.N.S.G.U Apr 2023]

8. Production of Cotton passes through three processes. Finally the product is transferred to finished stock:

Particulars	Dying	Printing	Finishing
Units Introduced at Rs 20 per unit	?	-	-
Actual output (Units)	?	?	?
Normal loss (% of units introduced)	3	5	10
Value of normal loss (Rs per 10 units)	30	60	80
Abnormal loss (units) (cost per unit Rs 30)	300	-	-
Abnormal gain (units) (cost per unit Rs 50)	-	-	300
Cost per unit of normal production (Rs)	-	40	-

Additional information:

Factory overhead is estimated at 100 % of direct wages.

- a. Abnormal loss is one third of normal loss in dying process.

Prepare all the process accounts and Abnormal loss and Abnormal gain account.

[V.N.S.G.U. APRIL 2012]

9. In Pragnesh Co. Ltd a product passes through three distinct process A, B and C and thereafter it is transferred to finished stock. The information is as under:

Particulars	Process A	Process B	Process C
Units introduced (per unit Rs 50)	?	-	-
Normal wastage	5%	10%	20%
Sale value of wastage (per 10 units) Rs	300	500	800
Units of abnormal wastage	50	Nil	-
Units of abnormal gain	-	Nil	118
Normal cost of output per unit (Rs)	100	150	220
Units of actual production	1850	?	?

Additional Information:

Factory overheads to be calculated as under:

In process A 50% of direct wages. In process B 85% of direct wages. In process C 100% of direct wages.

From the above information prepare process accounts, abnormal wastage account and abnormal gain account.  
[V.N.S.G.U March 2009]

10. In Kalpit Co. Ltd. raw material passess through two processes A and B and then transfer to finished goods. From the following information prepare both process accounts, abnormal wastage account and abnormal gain account:

Particulars	Process A	Process B
Raw materials introduced (kg) (at Rs 50 per kg)	2000	-
Direct wages	Rs 23,600	Rs 66,970
Normal wastage	5%	4%
Scrap value of wastage per kg.	Rs 20	Rs 25
Actual production kg.	1850	1786

In both the processes factory overheads are 20% of normal cost.

11. A work order passes through two distinct processes. The product of the first process less wastage and by-products becomes the raw material for the second process. All by-products resold off direct from the factory:

Particulars	First process	Second process
Raw materials	2000 tons at Rs 15 per ton	-
Wages	Rs 50,000	Rs 60,000
Factory overhead	50% of wages	80% of wages
Wastages	20 tons	15 tons
Sale of by-product	380 tons	100 tons
	Cost plus 20%	Cost plus 30%

Prepare accounts for the first and second processes. [V.N.S.G.U EXT 2018]