



PROCESS COSTING

Q. 1. In a manufacturing unit, raw material passes through four processes I, II, III & IV and the output of each process is the input of the subsequent process. The loss in the four processes I, II, III & IV are respectively 25%, 20%, 20% and $16\frac{2}{3}\%$ of the input. If the end product at the end of the process IV is 40,000 kg., what is the quantity of raw material required to be fed at the beginning of Process I and the cost of the same at ₹ 4 per kg.?

Find out also the effect of increase or decrease in the material cost of the end product for variation of every rupee in the cost of the raw material.

Q. 2. An article passes through three successive operations from the raw material to the finished product stage. The following data are available from the production records of a particular month :

Operation No.	No. of Pcs. Input	No. of Pcs. Rejected	No. of Pcs. Output
1	60,000	20,000	40,000
2	66,000	6,000	60,000
3	48,000	8,000	40,000

- (i) Determine the input required to be introduced in the first operation in number of pieces in order to obtain finished output of 100 pieces after the last operation.
- (ii) Calculate the cost of raw material required to produce one piece of finished product, given the following information.

Weight of the finished piece is 0.10 kg. and the price of raw material is ₹ 20 per kg.

Q. 3. A company manufactures a product which involves two consecutive processes, viz. Pressing and Polishing. For the month of October 2014, the following information is available :

	Pressing	Polishing
Opening Stock	----	----
Input of units in process	1,200	1,000
Units completed	1,000	500
Units under process	200	500
Materials Cost	₹ 96,000	₹ 8,000
Conversion Cost	₹ 3,36,000	₹ 54,000

For incomplete units in process, charge materials cost at 100 percent and conversion cost at 60 percent in the Pressing Process and 50 percent in Polishing Process. Prepare a statement of cost and calculate the selling price per unit which will result in 25 percent profit on sale price.

Q. 4. Following data are available for a product for the month of July, 2014.

	Process I	Process II
Opening work-in-progress	NIL	NIL
	₹	₹
Cost Incurred during the month :		
Direct materials	60,000	----
Labour	12,000	16,000
Factory overheads	24,000	20,000
Units of production :		
Received in Process	40,000	36,000
Completed and transferred	36,000	32,000
Closing work-in-progress	2,000	?
Normal loss in process	2,000	1,500

Production remaining in Process has to be valued as follows :

Materials	100%
Labour	50%
Overheads	50%

There has been no abnormal loss in Process II

Prepare process accounts after working out the missing figures and with detailed workings.

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