

## STANDARD COSTING & PROCESS COSTING

**Time Allowed : 75 Minutes**
**TEST-3**
**Total Marks: 40 Marks**
**Q.1:** What are the limitations of standard costing? **(5 Marks)**
**Q.2:** Explain inter-process Profits. **(5 Marks)**
**Q.3:** XYZ Company Limited provides the following information:

Particulars	Standard	Actual
Production	4,000 units	3,800 units
Working days	20	21
Fixed overhead	₹ 40,000	₹ 39,000
Variable overhead	₹ 12,000	₹ 12,000

You are **required** to calculate :**(a)** Variable overhead cost variance **(b)**Fixed overhead expenditure variance  
**(c)**Fixed overhead volume variance **(5 Marks)**

**Q.4.** The standard labour employment and the actual labour engaged in a 40-hours week for a job are as: -

Particulars	Standard		Actual	
	No. of Workers	Wage per hour (₹)	No. of Workers	Wage rate per hour (₹)
Skilled	65	45	50	50
Semi-skilled	20	30	30	35
Unskilled	15	15	20	10

Standard output – 2,000 units, actual output – 1,800 units, abnormal idle time 2 hours in the week.  
**Calculate** the labour cost variance. Also calculate DLYV with the help of alternative output method.

**(10 Marks)**

**Q.5.** Two products P and Q are obtained in a crude form and require further processing at a cost of ₹ 5 for P and ₹ 4 for Q per unit before sale. Assuming a net margin of 25 per cent on cost, their sale prices are fixed at ₹ 13.75 and ₹ 8.75 per unit respectively. During the period, the joint cost was ₹ 88,000 and output were: P - 8,000 units and Q - 6,000 units. **Ascertain** the joint cost.

**(5 Marks)**

**Q.6** From the following Information for the month ending October, 2021 prepare Process Cost accounts for Process III. Use First-out (FIFO) method to value equivalent production.

Opening WIP 2,000 units at ₹ 25,750	Units scrapped 2,000 units
Transfer from Process II 53,000 units at ₹ 4,11,500	Direct material added on Process III ₹ 1,97,600
Transferred to Process IV 48,000	Direct wages ₹ 97,600
Closing stock of Process III 5,000 units	Production Overheads ₹ 48,800

The normal loss in the process was 5% of gross production and scrap and sold at ₹ 3 per unit. The degree of completion is: -

Particulars	Opening WIP	Closing WIP	Scrap
Material	80%	70%	100%
Labour	60%	50%	80%
Overheads	60%	50%	60%

**(10 Marks)**