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**V Semester B.Com. Examination, November/December 2016
(CBCS) (Semester Scheme) (Fresh) (2016-17 and Onwards)
COMMERCE
5.4 : Costing Methods**

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written **completely** either in **English** or in **Kannada**.

SECTION – A

1. Answer **any five** of the following. **Each** question carries **2** marks. **(5×2=10)**
- a) What is retention money ?
 - b) What is abnormal loss ?
 - c) What is meant by work uncertified ?
 - d) What is meant by job cost sheet ?
 - e) What is economic batch quantity ?
 - f) What are standing charges in operating costing ?
 - g) Give the meaning of by-products.

SECTION – B

Answer **any three** of the following. **Each** question carries **six** marks. **(3×6=18)**

2. Calculate the cost and selling price of the job after adding 20% profit on total cost.
Materials Rs. 12,030.
Wages – Dept. A – 60 hrs at Rs. 50/hr
 Dept. B – 40 hrs at Rs. 30/hr
 Dept. C – 20 hrs at Rs. 25/hr
Variable O/H – Rs. 20 per hour
Fixed O/H – Rs. 25,000 for 1000 hours.
3. Briefly explain treatment of normal loss and abnormal loss in process accounts.
4. Following is the information relating to a contract.

	Rs.
Contract price	6,00,000
Raw Materials	1,20,000
Wages	1,60,000
Sub-contract	5,000

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Plant	20,000
Materials transferred to other contract	2,000
General expenses	7,600

At the end of the year, cash received from the contractee was Rs. 2,40,000 being 80% of work certified. Value of materials unused at the end of the year was Rs. 18,000. Plant to be depreciated at 20%. Prepare contract account.

5. A transport company is running 5 busses between two cities which are 40 kms apart. The seating capacity of each bus is 50 passengers. The actual passengers carried were 80% of the capacity. Each bus makes one round trip per day. All the busses run on all the days of the month.
Calculate total passenger kms for the month of September.
6. Calculate EBQ and No. of batches from the following :
- | | | |
|---------------------------|---|-------------------------------------|
| Annual consumption | – | 50,000 units |
| Setting-up cost per batch | – | Rs. 100 |
| Cost of manufacture | – | Rs. 20/unit |
| Rate of interest | – | 10% |
| Carrying cost | – | 0.50 paise per unit p.a. (50 paise) |

SECTION – C

Answer **any three** of the following. **Each** question carries 14 marks. (3×14=42)

7. A product passes through 3 processes for its completion. For the year ending 31-3-2013 the following are the details :

Particulars	Total (Rs.)	Processes		
		X (Rs.)	Y (Rs.)	Z (Rs.)
Materials	84,820	20,000	30,200	34,620
Labour	1,20,000	30,000	40,000	50,000
Prod. O/H	60,000	–	–	–
Direct expenses	7,260	5,000	2,260	–
Normal loss	–	10%	5%	10%
Sale of scrap per unit (in Rs.)	–	3	5	6
Production in units	–	920	870	800

1000 units at Rs. 50 per unit were introduced to Process – X. Prod. O/H to be allocated on the basis of direct labour.

Prepare process accounts, abnormal loss and abnormal gain accounts.



8. A) A company manufactures a main product – M and two by-products X and Y. The cost data is as under

Particulars	M	X	Y
Sales (Rs.)	1,50,000	12,000	7,000
Production cost			
a) Before separation (Rs.)	75,000	–	–
b) After separation (Rs.)	23,000	2,200	1,800
Ratio of distribution of selling expenses	85%	10%	5%
Administrative cost (Rs.)	12,000	1,500	1,000
Net profit on sales	20%	15%	10%

Prepare a statement of apportionment of joint cost among three products using reverse cost method.

- B) A transport company has 4 busses running between two cities which are 60 kms apart. Seating capacity of each bus is 60 passengers. The actual capacity carried is 80%. Each bus makes one round trip per day. Calculate total kilometers and total passenger kms for the month of September assuming that 25% of the busses are off the road always for repairs and maintenance.
9. A person owns a bus which runs between Bangalore and Mysore and back for 10 days in a month. The distance between B'lore and Mysore is 140 kms. The bus completes one round trip each day. The bus goes for another 10 days in the month to Chitradurga. The distance between B'lore and Chitradurga is 200 kms. The bus completes one round trip each day. For the rest 4 days of its operation in a month, it runs in the local city. The daily distance covered in the local trip is 60 kms. Calculate the rate, the person should charge, if he wants to earn a profit of 25% on his takings. The other details are as follows :
- Cost of the bus 6,00,000
 Depreciation 15% P.A.
 Salary of the driver 4,000 P.M.
 Salary of the conductor 3,000 P.M.
 Accountant salary 1,800 P.M.
 Insurance 12,000 P.A.
 Diesel consumption 5 kms per litre costing Rs. 40 per litre
 Token tax 2,500 P.A.
 Lubricant oil Rs. 10 for 50 kms.
 Repairs and maintenance Rs. 5,000 p.m.
 permit fee Rs. 3,800 per 6 months.
 Normal capacity 50 passengers.

The bus is generally occupied 80% of its capacity when it goes to Mysore and 90% when it goes to Chitradurga. It is normally full when it runs with in the city.

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10. The following data relates to a building construction contract for Rs. 10,00,000.

	2005 (Rs.)	2006 (Rs.)
Materials issued	3,00,000	84,000
Direct wages	2,30,000	1,05,000
Direct expenses	22,000	10,000
Indirect expenses	6,000	1,400
Work certified	7,50,000	10,00,000
Work uncertified	8,000	—
Material at site (31/12)	5,000	7,000
Plant issued	14,000	2,000
Cash received from the contractee	6,00,000	10,00,000

Value of plant at the end of 2005 and 2006 was Rs. 7,000 and Rs. 5,000 respectively.

Show for 2005 and 2006.

- a) Contract A/c
- b) Contractee A/c.

11. India products Ltd., has received an enquiry for the supply of 2,00,000 units of special type of machine screws. The management has estimated fixed investment of Rs. 6 lakhs and working capital investment of Rs. 3,20,000 for the above project. The following further estimates are also made.

- 1) Requirement of raw materials 20,000 kgs at Rs. 23 per kg.
- 2) Required labour hours 18,000 of which 2,000 are overtime payable at double the normal labour hour rate. Normal LHR is Rs. 10.
- 3) Works O/H – Rs. 10 per LHR.
- 4) There are no admn. O/H but selling and dist. exp. are Rs. 2,31,000. Amount realised from the sale of scrap is Rs. 20,000.

Management intends to have a return of 25% on the total capital employed. You are required to prepare estimated job cost sheet to ascertain the price to be quoted.