NS – 464

V Semester B.Com. Examination, Nov./Dec. 2016
(Semester Scheme) (Repeaters)
(Prior to 2014-15)
Commerce

Paper – 5.1 : METHODS AND TECHNIQUES OF COST ACCOUNTING

Time : 3 Hours   Max. Marks : 100

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

SECTION – A

Answer **any ten** of the following. **Each** question carries **2** marks. **(10×2=20)**

1. a) Define Marginal Cost.
   b) What do you mean by works on cost ?
   c) Differentiate between favourable and unfavourable variance.
   d) Distinguish between fixed and flexible budget.
   e) Mention two features of industries that adopt process costing.
   f) Mention two features of job costing.
   g) What is contribution ?
   h) What is batch costing ?
   i) What is standard costing ?
   j) What is target cost ?
   k) What is meant by material cost variance ?
   l) What do you mean by inter-process profit ?

SECTION – B

Answer **any 5** questions. **Each** question carries **5** marks. **(5×5=25)**

2. Write a note on 'Batch Costing'.

3. Explain the objectives of transport costing.

P.T.O.

4. Calculate E.B.Q. from the following :

Annual demand	:	50,000 units
Setting up cost	:	Rs. 100 per batch
Interest	:	@ 10%
Cost of storage per unit p.a.	:	50 paise
Cost of manufacturing	:	Rs. 20 per unit

5. In a factory 20,000 units of product A were manufactured in the month of March 2016. From the following figures prepare a cost sheet showing total cost and sales :

	Rs.
Opening stock of raw materials	5,000
Purchases	55,000
Closing stock of finished goods	1,000
Closing stock of raw materials	10,000
Direct wages	25,000
Factory overheads	40,000
Office overheads	20,000
Profits is 25% on sales	

6. Prepare Abnormal Loss A/c of Process 'A' from the following details :

Particulars	**Amount**
Materials	Rs. 30,000
Labour	Rs. 10,000
Overheads	Rs. 7,000
Inputs (units)	20,000
Normal loss	10%
Sale of normal wastage per unit	Re. 1
Output	17,000 units

7. Write the features of process costing.

8. From the following data calculate the amount of variable cost :

   Break even point Rs. 60,000

   Profit Rs. 3,000

   Fixed cost Rs. 12,000.

SECTION – C

Answer **any three** questions. **Each** question carries **15** marks. **(3×15=45)**

9. The sales and total costs for two years are as below :

Year	**Sales (Rs.)**	**Total costs (Rs.)**
2015	10,00,000	10,50,000
2016	14,00,000	12,50,000

Calculate :

a) Break even point

b) P/V ratio

c) Sales required to earn a profit of Rs. 2,00,000

d) Variable costs for two years

e) Profits when sales are Rs. 12,00,000.

10. The following information relates to a building contract for Rs. 10,00,000 :

	2015	**2016**
	(Rs.)	**(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	–
Materials at site	5,000	7,000
Plant issued	14,000	2,000
Cash received from contractee	6,00,000	10,00,000

The value of the plant at the end of 2015 and 2016 was Rs. 7,000 and Rs. 5,000 respectively. Prepare :

1) Contract Account

2) Contractee account for two years.

11. A manufacturing company has the production capacity of 20,000 units p.a. The expenses for production of 10,000 (50%) units for a period are furnished below :

	Per Unit (Rs.)
Materials	40
Wages	20
Manufacturing expenses (40% fixed)	10
Administration expenses (all fixed)	5
Selling and distribution expenses (60% fixed)	5
Total cost	80
Profit	20
Selling price	100

Prepare a flexible budget for 60%, 70% and 90% levels of activity. It is expected that the present unit selling price will remain constant upto 60% activity beyond which a 5% reduction is contemplated upto 90% activity levels.

12. A product passes through three processes for completion. For the month ending 31-3-2016 the following are the details.

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

1000 units at Rs. 50 per unit were issued to process X. Production overhead is to be allocated on the basis of direct labour.

Prepare Process Account and Abnormal Gain and Loss Account.

13. Using the following information, calculate :
    1) Labour cost variance
    2) Labour rate variance and
    3) Labour efficiency variance :

Standard hours	:	8,000
Actual hours	:	10,000
Standard wage rate	:	Rs. 6 per hour
Actual wage rate	:	Rs. 5 per hour

SECTION – D

Answer the following question **compulsorily** : **(1×10=10)**

14. Describe briefly any two methods of costing.