V Semester B.Com. Examination, November/December 2014
(Semester Scheme)
(Repeaters) (Prior to 2014 -15)
COMMERCE
Paper – 5.1 : Methods and Techniques of Cost Accounting
100 marks 2013-14 & Onwards, 90 marks Prior to 2013-14

Time : 3 Hours Max. Marks : 90/100

Instructions : *1) Answer should be* ***completely*** *written either in* ***English*** *or in* ***Kannada.***
2) Section ***A, B, C*** *common to* ***all*** *students.*
3) Section ***D*** *compulsory for 2012-13 batch* ***100*** *marks paper only.*
4) 100 marks 2013-14 only, 90 marks-prior to 2013-14.

SECTION – A

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

1. a) Give the meaning of Job Costing.
   b) What is composite cost unit ?
   c) Define Marginal costing.
   d) Difference between cost of goods sold and cost of sales.
   e) State any two objectives of Budgetary Control.
   f) What is normal process loss ?
   g) What is material cost variance ?
   h) Define a budget.
   i) State any two benefits of standard costing.
   j) Distinguish between Normal loss and Abnormal loss.
   k) Name any four industries in which process costing is used.
   l) What is fixed cost ? Give two examples.

SECTION – B

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

2. Explain the objectives of transport costing.
3. Write the features of contract costing.

P.T.O.

4. Fixed cost Rs. 4,00,000

   Selling price per unit Rs. 10, variable cost per unit Rs. 5. Find BEP in units and sales value. What would be the new selling price, if BEP brought upto 9000 units ?

5. In process A 2000 units of raw materials were introduced a cost of Rs. 2,00,000. The other expenditure incurred in the process was Rs. 1,20,000 of the units introduced 5% were lost is weight and the normal loss was 5% which were sold at Rs. 7.50 per unit. The output of process A was only 1825 units. Calculate the Abnormal Gain by preparing process A A/c.

6. The standard material required for producing 100 units is 120 Kgs. A standard price of Rs. 0.50 per Kg is fixed and 2,40,000 units were produced during the period. Actual material purchased were 3,00,000 Kgs. at a cost of Rs. 1,65,000.

   Calculate :

   a) Material cost variance

   b) Material usage variance

7. Prepare a flexible budget for production 90% 9000 (units) on the basis of following information.

   Production at 50% capacity 5000 units

Raw materials	Rs. 75 per unit
Direct labour	Rs. 45 per unit
Direct Expenses	Rs. 20 per unit
Factory expenses	Rs. 60,000 (40% fixed)
Administrative expenses	Rs. 40,000 (50% variable)

8. Calculate the cost and selling price of the Job after adding 20% profit on total cost.

   Materials Rs. 12,030

   Wages : Dept. A – 60 hours @ Rs. 50 per hour

   Dept. B – 40 hours @ Rs. 30 per hour

   Dept. C – 20 hours @ Rs. 25 per hour

   Variable overheads – Rs. 20 per hour

   Fixed overheads – Rs. 25,000 for 1000 hours.

SECTION – C

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

9. Rohit Roadlines supplies the following details in respect of a truck of 5 ton capacity.

Cost of the truck	Rs. 9,00,000
Estimated life	10 years
Diesel, oil, grease	Rs. 150 per trip each way
Repairs and Maintenance	Rs. 5,000 p.m.
Drivers wages	Rs. 5,000 p.m.
Cleaners wages	Rs. 2,500 p.m.
Insurance	Rs. 48,000 p.a.
Road Tax	Rs. 24,000 p.a.
General Supervision charges	Rs. 48,000 p.a.

The truck carries goods to and from the city covering a distance of 50 KMs: each way. While going to the city, freight is available to the extent of full capacity and while returning only 20% of the capacity. Assuming the truck runs on an average 25 days in a month, work out.

i) Operating cost per ton-km.

ii) Rate per ton per trip that should be charged to earn a profit of 50% on freight.

10. Kumar Construction Company undertook a contract for a total price of Rs. 60,00,000. Following is the abstract for the year ending 31-3-2013.

	Rs.
Materials sent to site	10,00,000
Materials purchased	7,00,000
Labour	12,87,500
Outstanding wages on 31-3-2013	15,000
Plant installed	14,00,000
Direct expenses	60,000
Outstanding direct expenses	12,000
Material returned	30,000
Plant returned	2,00,000
Work certified	32,00,000
Work uncertified	1,90,000
Material at site on 31-3-2013	30,000

Cash received 80% of work certified. Depreciation on plant at 10% p.a.

Prepare Contract Account and show how the above items appear in Balance Sheet.

11. A product is finally obtained after it passes through three distinct processes. The following information is available from the cost records.

Particulars	Process I Rs.	Process II Rs.	Process III Rs.	Total Rs.
Materials	2,600	2,000	1,025	5,625
Direct wages	2,250	3,680	1,400	7,330
Production overheads	–	–	–	7,330

500 units at Rs. 4 per unit were introduced in process I. Production overheads are absorbed as a percentage of direct wages.

The actual output and normal loss of the respective process are given below :

	Output in units	Normal loss a % of input	Value of scrap (per unit)
Process I	450	10%	Rs. 2
Process II	340	20%	Rs. 4
Process III	270	25%	Rs. 5

Prepare the process Accounts and Abnormal Gain/Loss Accounts.

12. Following data are available from the records of a company.

Sales Rs. 1,20,000

Variable cost Rs. 60,000

Fixed cost Rs. 30,000

Calculate :

a) P/v ratio, break even point (BEP) and margin of safety at this level.

b) The effect of 10% increase in sales price on break even point.

c) The effect of 10% decrease in sales price on break even point.

13. Prepare a flexible budget from the following information for 12,000 and 15,000 units. For production of 10,000 units, the Expenses incurred are as follows :

Particulars	Per unit Rs.
Direct Material	60
Direct Labour	30
Variable Overheads	25
Fixed Overheads (Rs. 1,50,000)	15
Variable Expenses (Direct)	5
Selling expenses (10% fixed)	15
Administration expenses : (Rs. 50,000 fixed for all levels of production)	Rs. 5
Distribution expenses (20% fixed)	Rs. 5
Total cost	**160**

SECTION – D

(2013-14 Batch only)

(1×10=10)

Answer the following question **compulsory**.

14. State any five differences between Job Costing and Contract Costing.