SS – 498

V Semester B.Com. Examination, November/December 2018
(2016-17 and Onwards) (CBCS) (F+R)
COMMERCE
Costing Methods

Time : 3 Hours

Max. Marks : 70

1. Answer **any five** of the following sub-questions. **Each** sub-question carries **two** marks. **(5×2=10)**

   a) What is job costing ?

   b) Give the meaning of operating costing.

   c) Distinguish between maximum batch quantity and economic batch quantity.

   d) What is meant by abnormal gain ?

   e) What is meant by retention money ?

   f) What do you mean by by-products ?

   g) What is meant by work uncertified ?

SECTION – B

Answer any three questions from this Section. **Each** question carries **6** marks. **(3×6=18)**

2. Briefly explain the different methods of costing.

3. Briefly explain the meaning and treatment of abnormal loss and abnormal gain in process costing. Elaborate with the help of the details given. Input units – 1000 units @ Rs. 100 per unit, normal loss – 10% ; output – 950 units.

4. A transport company runs 4 buses between two cities which are 60 kms apart. The seating capacity of each bus is 60 passengers. The actual capacity carries is 80%. Each bus makes 4 round trips per day. On the onward journey, the buses run to full capacity and on return trip run 20% empty. Calculate the kilometers and total passenger kilometers for a month assuming that no bus is off the road due to repairs and maintenance.

5. In the processing a raw material, one main product X and a by-product Y are produced. The joint expenses of manufacturing are :

Materials :	Rs. 12,000
Labour :	Rs. 6,000
Overheads :	Rs. 2,800
Total	**Rs. 20,800**

Subsequent expenses are as follows :

Particulars	X	Y
Materials	6,000	3,000
Labour	2,800	2,000
Overheads	1,200	1,000
Total	**10,000**	**6,000**
Sales value	32,000	16,000
Estimated profit on sales	25%	20%

Show the apportionment of joint costs of manufacture using reverse cost method.

6. Annual demand for the component – Rs. 2,400 ; set-up cost per batch – Rs. 100 ; carrying cost per unit of production p.a. – 6% p.a. Manufacturing cost per unit Rs. 200.

   a) Calculate the economic batch quantity for a company using batch costing with the given information.

   b) Also find out the number of batches to be produced to meet the annual requirements.

SECTION – C

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

7. a) Obtain the selling price of a job from the following particulars

Materials used	Rs. 40,000
Productive wages	Rs. 25,000
Direct expenses	Rs. 5,000

   Provide 60% of productive wages for Works-on-cost and 12.5% of works cost for Office-on-cost. Profit is to be realized @ 15% on the selling price.

   b) How much of profit, if any would you allow to be transferred to profit and loss account in the following case ?

Contract value	Rs. 10,00,000
Cost of the contract till date	Rs. 4,50,000
Cash received	Rs. 4,50,000 (90% in work certified)
Uncertified work	Rs. 50,000

   Retention money is 10 percent.

8. Product B is obtained after it passes through three distinct processes. The following information is obtained from the accounts for the week ending 31-12-2017.

Particulars	Total (Rs.)	Process I (Rs.)	Process II (Rs.)	Process III (Rs.)
Direct materials	7,542	2,600	1,980	2,962
Direct wages	9,000	2,000	3,000	4,000
Production overhead	9,000			

1000 units at Rs. 3 per unit were introduced to Process I. Production overhead is recovered on 100% of direct wages. The following additional data are obtained :

Process	Output during the week (units)	Normal Loss to input	Scrap value/ unit (Rs.)
I	950	5%	2
II	840	10%	4
III	750	15%	5

Prepare Process Accounts and Abnormal Gain or Loss Accounts.

9. Shiva Road Lines supplied 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 per month
Driver's wages	Rs. 5,000 per month
Cleaner's wages	Rs. 2,500 per month
Insurance	Rs. 48,000 per annum
Road Tax	Rs. 24,000 per annum
General supervision charges	Rs. 48,000 per annum

The truck carries goods to and from the city covering a distance of 50 km 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. Royal Constructions undertook a contract for Rs. 75,00,000 on an agreement that 80% of the value of the work certified should be paid immediately. The amounts expended were :

Particulars	2014 (Rs.)	2015 (Rs.)	2016 (Rs.)
Materials	9,00,000	11,00,000	6,30,000
Wages	8,50,000	11,50,000	9,50,000
Carriage	30,000	1,15,000	–
Cartage	5,000	10,000	30,000
Sundry expenses	15,000	20,000	15,000
Work certified	18,75,000	75% of contract price	30th June whole contract was completed
Work uncertified	–	1,00,000	–

Show Contract Accounts and Contractee's Accounts.

11. From the following details, you are required to calculate the cost of Job No. 111 and find out the price to give a profit of 25% on selling price.

Materials cost at Rs. 3,000

Direct wages :

a) Dept. X – 80 labour hours @ Rs. 10/hour

b) Dept. Y – 60 labour hours @ Rs. 6/hour

c) Dept. Z – 40 labour hours @ Rs. 5/hour

Overhead expenses for three departments were estimated as follows :

Variable Overheads :

Dept. X – Rs. 5,000 for 1000 labour hours

Dept. Y – Rs. 6,000 for 3000 labour hours

Dept. Z – Rs. 2,000 for 1000 labour hours

Fixed overheads are estimated at Rs. 10,000 for 5000 normal working hours.