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SN – 484

V Semester B.Com. Examination, November/December 2017
(Fresh + Repeaters) (2016 – 17 & Onwards) (CBCS)
COMMERCE
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 contract costing ?
   b) What do you mean by by-products ?
   c) What is abnormal process loss ?
   d) Mention four features of Job costing.
   e) Name any four industries in which Batch Costing is used.
   f) What is Economic Batch Quantity ?
   g) Give the meaning of Notional profit.

SECTION – B

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

2. The following costs were incurred on Job No. 501
   Materials ₹ 9,014
   Wages
   Department 'A' 60 hours at ₹ 30 per hour
   Department 'B' 40 hours at ₹ 20 per hour
   Department 'C' 20 hours at ₹ 50 per hour
   Variable overheads
   Department 'A' ₹ 12 per hour
   Department 'B' ₹ 20 per hour
   Department 'C' ₹ 30 per hour
   Fixed overheads estimated at ₹ 40,000 for 2000 hours
   You are required to find out cost of Job No. 501 and the price to give profit of 25% on selling price.

P.T.O.

3. The following particulars relate to a certain contract carried out during the year ended 31-3-2017.

	(in ₹)
Work Certified	1,43,000
Cash received from contractee	1,30,000
Materials sent to site	64,500
Labour	56,600
Plant installed at site	11,300
Value of plant at the end	8,200
Cost of work not yet certified	3,400
Establishment charges	3,250
Direct expenditure	2,600
Materials on hand at the end	1,400
Materials returned to stores	400
Contract price	2,00,000

Prepare the Contract Account for the year ended 31-3-2017.

4. In processing a basic raw material, three joint products X, Y and Z produced. The joint expenses of manufacturing are :

Materials	₹ 10,000
Labour	₹ 8,000
Overheads	₹ 9,000
	27,000

Subsequent expenses are as follows :

Particulars	**X** (₹)	**Y** (₹)	**Z** (₹)
Materials	2,000	1,600	1,800
Labour	2,500	1,400	1,700
Overhead	2,500	1,000	1,500
	7,000	**4,000**	**5,000**
Sales value	42,000	20,000	18,000
Estimated profit on sales	50%	50%	33.33%

Show how you would apportion the joint costs of manufacture by reverse cost method.

5. Manju company owns a bus which runs between Bangalore and Shimoga for 10 days in a month. The distance from Bangalore to Shimoga is 300 kms. It makes one round trip per day. The bus goes another 10 days in a month towards Hassan. The distance from Bangalore to Hassan is 200 kms. The trip is also completed in the same day. For rest of 4 days of its operation in a month it runs in the local city. Daily distance covered in local city is 60 kms. The seating capacity of the bus is 50 passengers. The bus is generally occupied 90% of the capacity while it travels from Bangalore to Shimoga and back. 80% of its capacity while it travels from Bangalore to Hassan and back. It is generally full when it runs within the city. Calculate total passenger in kilometers.

6. Write the features of process costing.

SECTION – C

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

7. The following information relates to a building contract for ₹ 40,00,000 and for which 80% of the value of work-in-progress is certified by the architect is being paid by the contractee.

Particulars	2014 (₹)	2015 (₹)	2016 (₹)
Materials issued	4,80,000	5,80,000	3,36,000
Direct Wages	4,40,000	6,20,000	4,40,000
Site Expenses	20,000	68,000	24,000
Indirect Expenses	8,000	10,400	2,000
Work certified 31st March	9,40,000	30,00,000	40,00,000
Work uncertified	11,200	32,000	–
Material at site	8,000	20,000	32,000
Value of plant	56,000	–	–

The value of the plant at the end of 2014, 2015 and 2016 was ₹ 44,800, ₹ 28,000 and ₹ 12,000 respectively.

Prepare contract account for the three years and contractee Account.

8. The following details are extracted from the costing books of Chandru Copra Oil products Ltd. for the year ended 31-3-2017.

Purchase of Copra 5400 tons for ₹ 4,40,000

Particulars	Crushing Process	Refining Process	Finishing Process
Cost of Labour	5,500	2,200	3,300
Electric power	1,320	792	528
Sundry Material	220	4,400	–
Repairs to plant and Machinery	616	726	308
Steam	1,320	990	990
Factory Expenses	2,904	1,452	484
Cost of Casks	–	–	16,500

3200 tonnes of crude oil were produced, 2600 tonnes of oil were produced by the refining process, 2550 tonnes of refined oil were finished for delivery.

Copra sacks sold for ₹ 880, 1925 tonnes of copra residue sold for ₹ 24,200, loss in weight in crushing 275 tonnes, 500 tonnes of by-products obtained from refining process were valued at ₹ 14,850.

You are required to show the account of each of the following process concerned for the purpose of arriving at cost per ton of each process.

a) Crushing process
b) Refining process and
c) Finishing process including casking

9. Pranav Transport runs a minibus with a capacity of 25 seats. The bus runs between two towns which are 25 km apart. It runs for 30 days in a month and on an average 80% of seating capacity is utilised. The bus makes two round trips each day.

	(in ₹)
Cost of the bus	30,00,000
Estimated scrap value at the end of its useful life of 10 years	1,20,000
Driver's salary per month	18,000
Conductor's salary p.m.	15,000
Manager's salary p.m.	12,000
Cleaners salary p.m.	9,000
Garage rent p.a.	64,800
Life Tax	1,44,000
Rent, Lighting etc. p.m.	3,000
Repairs p.m.	7,200
Diesel, oil etc. p.m.	72,000

The profit expected 20% of takings

Prepare statements to show

a) Operating cost per passenger kilometer.

b) The fare per passenger kilometer.

10. From the following particulars relating to 4 jobs of a manufacturing company as certain the total cost of each job and selling price of each job. Assuming that profit mark up is 25% on selling price.

Particulars	Job –A	Job – B	Job – C	Job – D
Materials	1,600	2,000	2,400	2,800
Wages	800	1,000	1,200	1,400
Direct Expenses	160	200	240	280

Works overhead is 50% prime cost and office overhead is 20% on works cost.

11. a) The demand of an item is uniform at a rate of 25 units per month. The set up cost is ₹ 30 each time a production is made. The inventory carrying cost is 0.50 per unit per month. Determine the Economic Batch Quantity by using batch costing.

b) In process 'A' 2000 units of raw materials were introduced a cost of ₹ 2,00,000. The other expenditure incurred in the process was ₹ 1,20,000 of the units introduced, 5% were cost in weight and the normal loss was 5% which were sold at ₹ 8 per unit. The output process 'A' was only 1825 units. Calculate the abnormal gain by preparing process 'A' account and value of abnormal gain by showing formula.