



**V Semester B.Com. Degree Examination,
October/November 2019**

(Credit Based Semester Scheme)

(Common to all Batches)

COST AND MANAGEMENT ACCOUNTING

Cost and Management Accounting — III

Time : 3 Hours]

[Max. Marks : 120

Instructions : Provide working notes wherever necessary.

SECTION – A

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Answer **any four** of the following :

(4 × 6 = 24)

1. Distinguish between joint product and by product.
2. Write a note on “Retention Money” and “Cost Plus Contract”.
3. What is operating costing? Give any four examples.
4. Output of process A is 840 units and abnormal loss is 15 units. The normal loss expected is 10% which is sold as scrap at Rs. 8 per unit. Material cost Rs. 20 per unit, wages Rs. 18,000, factory overhead Rs. 6,510.

Prepare Process A account and Abnormal loss account.

5. Compute the economic batch quantity for a company from the following :

Monthly demand for the component 2000 units, setting up cost per batch Rs. 120, annual rate of interest 6%, cost of manufacture per unit Rs. 6.00.



6. From the following information, calculate total kilometers and total passenger kilometers.

- Number of buses : 5
- Days operated in the month : 25
- Trips made by each bus : 4
- Distance covered : 25 kms each way
- Capacity of bus : 50 passengers
- Normal passengers traveling : 90% of capacity

SECTION - B

Answer **any four** of the following :

(4 × 12 = 48)

7. Distinguish between process costing and job costing.
8. Explain different rules governing the calculation of profit in incomplete contract.
9. Product P yields by product Q and R. The joint expenses of manufacture are:

- Materials Rs. 10,000
- Labour Rs. 8,000
- On cost Rs. 9,000

The subsequent expenses are as follows :

Particulars	P	Q	R
Materials	2,000	1,600	1,800
Labour	2,400	1,400	1,700
On cost	2,600	1,000	1,500
Sales	42,000	20,000	18,000
Estimated profit on sales	50%	50%	33 1/3 %

Show how you would apportion the joint expenses of manufacture and prepare necessary accounts.



10. Component X-101 made entirely in cost Centre YZ. Material cost is Rs. 6 per component and each component takes 10 minutes to produce.

The machine operator is paid Rs. 72 per hour and machine hour rate is Rs. 4.50. The setting up of machine to produce component X-101 takes 2 hours and 20 minutes.

On the basis of this information, prepare cost sheet showing the production and setting up costs, both in total and per component assuming that a batch consists of (a) 100 components (b) 500 components.

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11. The following details are taken from the books of an oil mill for one month ended 31st March 2019.

Purchase of 100 tons of oil seeds at Rs. 1,000 per ton.

Particulars	Crushing	Refining	Finishing
Wages	1000	700	900
Sundry stores	200	600	100
Electricity	700	600	400
Factory expenses	500	400	300
Cost of containers	-	-	2350

60 tons of crude oil were produced. 51 tons of oil were produced in the refining process. 50 tons of refined oil were finished for delivery. One hundred empty bags of oil seeds were sold for Rs. 100, 35 tons of oil cakes were sold at Rs. 60 per ton. Loss in weight in crushing was 5 tons and by-product from refining process was 8.5 tons which were valued at Rs. 2,550.

Prepare necessary accounts and calculate the cost per ton.

12. Prepare Job cost sheet for Job No. 555 from the following information:

Materials: Rs. 4,010

Wages:

Department A – 60 hours @ Rs. 30 per hour

Department B – 40 hours @ Rs. 20 per hour

Department C – 20 hours @ Rs. 10 per hour



Overhead Variable :

Department A – Rs. 5,000 for 5000 hours

Department B – Rs. 4,000 for 2000 hours

Department C – Rs. 3,000 for 1000 hours

Fixed : Rs. 40,000 for 10000 hours

Calculate the cost of Job No. 555 by preparing Job cost sheet and price of Job to earn a profit of 25% on selling price.

SECTION – C

Answer **any two** of the following :

(2 × 24 = 48)

13. The finished product of a factory has to pass through three processes A, B, C to completion. The normal loss of each process is 2% in process A, 5% in process B and 10% in process C calculated on the input of each process.

The output of each process transferred to next process and the finished product are transferred from process C into stock. The following further information is obtained :

Particulars	Process A (Rs.)	Process B (Rs.)	Process C (Rs.)
Materials used	24,000	12,000	12,000
Direct wages	16,000	10,000	8,000
Manufacturing expenses	5,000	7,000	5,000
Scrap value per 100 units	10	40	20

Establishment expenses amounted to Rs. 8,500 to be apportioned on the basis of direct wages. 20,000 units have been put into process A @ a cost of Rs. 60,000. The actual output of each process has been –

A – 19600 units, B – 18,400 units, C – 16,700 units.

Prepare :

- (a) Process accounts
- (b) Normal loss account
- (c) Abnormal loss account
- (d) Abnormal gain account.



14. From the following Trial Balance of Sharadhi Ltd. for the year ending 31.03.2019 prepare Contract Account and Balance Sheet as on that date.

Trial balance as on 31.03.2019

Particulars	Debit (Rs.)	Credit (Rs.)
Cash received from contractee	-	9,60,000
Buildings	4,60,000	-
Creditors	-	1,80,000
Bank	1,87,000	-
Share capital	-	12,00,000
Materials	5,00,000	-
Wages	4,50,000	-
Expenses	1,18,000	-
Plant	6,25,000	-
	<u>23,40,000</u>	<u>23,40,000</u>

The work on contract commenced on 01.04.2018. From the materials worth Rs. 5,00,000, materials worth Rs. 4,25,000 were sent to a contract site but those of Rs. 15,000 were destroyed in an accident. Wages of Rs. 4,50,000 were paid during the year. Out of the plant, the plant charged to the contract was Rs. 6,00,000 in which plant costing Rs. 1,00,000 was used on the contract for the whole year out of which on 30th September 2018, plant costing Rs. 25,000 were destroyed due to fire. Plant worth Rs. 5,00,000 were used from 1st April 2018 to 31st December 2018 and then it was returned to stores. Materials worth Rs. 10,000 were at site on 31st March 2019. The contract price was Rs. 15,00,000 and contractee pays 80% of work certified. Uncertified work amounted to Rs. 37,500. Expenses charged to the contract were 25% of wages. Plant is to be depreciated at 10% p.a.

15. Sugama Tourist runs a bus between Kundapura and Mangalore via Udupi. The distance between Kundapura and Udupi is 35 kms and between Udupi and Mangalore is 60 kms. During the onward journey the bus is full of its capacity up to Udupi but only 80% full between Udupi and Mangalore. On the other hand on the return journey it is full from Mangalore to Udupi but 75% of the capacity between Udupi and Kundapura. The following information is provided:



Cost of bus	Rs. 30,00,000
Estimated scrap value	Rs. 20,000
Estimated life of bus	10 years
Annual road tax	Rs. 5,000
Insurance per year	Rs. 50,000
Garage rent per year	Rs. 48,000
Drivers salary p.m.	Rs. 15,000
Conductors salary p.m.	Rs. 10,000
Cleaners salary p.m.	Rs. 5,000
Cost of diesel per litre	Rs. 62
Kms run per liter of diesel	4 kms
Proportionate charges for tyre per km	Rs. 0.50

Capacity of the bus is 50 passengers and the bus makes a round trip from Kundapura to Mangalore on an average 25 days in the month.

You are required to:

- (a) compute the cost per passenger km.
- (b) bus fare between Kundapura and Udupi and Udupi and Mangalore for each passenger assuming 10% profit on takings.

16. Explain briefly the non-cost methods and cost methods of accounting for by-products.