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**BCMCMC 334****Choice Based Credit System V Semester B.Com. Degree****Examination, April/May 2022****(CBCS Scheme) (2021-22 Batch Onwards)****COMMERCE****Cost and Management Accounting – III (Group – I)**

Time : 3 Hours

Max. Marks : 120

*Instruction : Provide working notes wherever necessary.***SECTION – A**Answer **any four** of the following :**(4×6=24)**

1. Define activity – based costing. Distinguish between traditional costing and ABC approach.
2. Annual Demand for output 24,000 units. Rate of Interest per month ₹ 0.05. Setup cost ₹ 200. Calculate E.B.Q.
3. Explain :
 - a) Retention money
 - b) Notional profit and
 - c) Total estimated profit.
4. What is Process Costing ? Name four industries, in which process costing is used.
5. A factory produces three products A, B and C of equal value from the same manufacturing process. Their joint cost before split off point is ₹ 49,000. Other details are given as under :

	A	B	C
	₹	₹	₹
Subsequent Costs	2,500	2,000	1,500
Selling Price	30,000	24,000	20,000
Estimated profits on Selling price	30%	25%	20%

Show how you would propose to apportion the joint costs of manufacture.

P.T.O.



6. Vivek Travels has 4 buses, operating between two cities between Mangalore and Devanagere which are 280 kms apart. Each bus makes one round trip for a day. The seating capacity is 50 seats. On an average 80% seats are occupied. Calculate passenger kms for the month of July 2020 in which each bus was laid down for six days for repairs.

SECTION – B

Answer **any four** of the following :

(4×12=48)

7. The following information relates to manufacturing of a component in a cost centre.

Cost of materials ₹ 9 for component

Operator's wages ₹ 108 per hour

Machine hour rate ₹ 225

Setting up time of the machine : 2 hours and 40 minutes.

Manufacturing time – 10 minutes per component.

Prepare cost sheet showing production cost, setting up, total cost and cost per unit when a batch consists of 150 components and 600 components.

8. A firm of building contractors began to trade on 1-4-2020. The following was the expenditure on contract for ₹ 4,50,000.

Materials issued to contract ₹ 76,500 plant used for contract ₹ 22,500, wages ₹ 27,000, other expenses ₹ 7,500.

Cash received on account to 31st March 2021 amounted to ₹ 1,92,000 being 80% of the work certified of the plant and materials charged to the contract, plant which cost ₹ 4,500 and materials, which cost ₹ 3,750 were lost. Plant cost ₹ 3,000 was returned to stores on 31-3-2021. The cost of work done but uncertified was ₹ 1,500 and Material cost of ₹ 3,450 were in hand on site. Charge 15% p.a. depreciation on plant.

Prepare Contract Account.



9. Explain the methods which may be employed in allocating joint cost to joint product ?
10. Ganga Company produces A as a main product B and C as its by products. The following expenses have been incurred for the above products.

	Joint Expenses	Separate Expenses		
		A	B	C
	₹	₹	₹	₹
Materials	7,500	3,000	1,350	1,950
Labour	6,750	1,500	1,200	1,200
On cost	6,000	750	450	600
Selling price		31,500	15,000	13,500
Profit on sale		50%	50%	33 ¹ / ₃ %

Show the method of apportionment of joint expenses and also prepare necessary accounts.

11. The following details are taken from the books of an oil mill for one month ended 31st March 2020

Purchase of 150 tons of oil seeds at ₹ 1,500=00 per ton

	Crushing	Refining	Finishing
	₹	₹	₹
Wages	1,500	1,050	1,350
Sundry Stores	300	900	150
Electricity	1,050	900	600
Factory expenses	750	600	450
Cost of containers	—	—	3,525

90 tons of crude oil were produced. 77 tons of oil were produced in the refining process. 75 tons of refined oil were finished for delivery. One hundred fifty empty bags of oil seeds were sold for ₹ 150. 52 tons of oil cakes were sold at ₹ 90 per ton. Loss in weight in crushing was 8 tons. 13 tons of by-product from refining process were valued at ₹ 3,825.

Make out accounts in respect of each process and calculate the cost of the product per ton at the end of each process.



12. Prepare a job cost sheet of job No. 101 from the following particulars.

Materials : Dept. A – ₹ 5,000

Dept. B – ₹ 3,000

Direct wages : Dept. A– 120 Labour hours at ₹ 10 per hour

Dept. B – 100 Labour hours at ₹ 8 per hour

Variable overheads : Dept. A at ₹ 4 per hour

Dept. B at ₹ 3 per hour

Fixed overheads ₹ 30,000 for 15,000 Labour hours. Rate of Profit on selling price 25%.

SECTION – C

Answer **any two** of the following :

(2×24=48)

13. A product passes through three processes A, B and C. The details of expenses incurred on the three processes during the year 2020 were as under

	Processes		
	A	B	C
	₹	₹	₹
Units issued	15,000	—	—
Cost per unit	150	—	—
Sundry materials	15,000	22,500	7,500
Labour	45,000	1,20,000	97,500
Direct expenses	9,000	27,225	40,800
Selling price per unit	180	247.5	375



Management expenses during the year were ₹ 1,20,000 and selling expenses were ₹ 75,000.

These are not allocable to the processes.

Actual output of the three processes was :

Process A 13,950 units; process B 8,100 units; process C 3,150 units. Two thirds of the output of process A and one-half of the output of process B was passed on to the next process and the balance was sold. The entire output of process C was sold.

The normal loss of the three processes calculated on the input of every process was – process A – 5%, process B – 15% and process C – 20%. The loss of process A was sold at ₹ 3.00 per unit, that of B at ₹ 7.50 per unit and process C at ₹ 15.00 per unit.

Prepare the three process accounts and Finished Stock A/c.

14. Mr. Kuldeep Singh has been given a permit to run a bus in between two towns which are 25 kms apart. From the following information assume 10% profit on takings for Mr. Kuldeep Singh. Work out the bus fare to be charged in between those two towns for each passenger.

	₹
Cost of the bus	18,00,000
Annual tax	36,000
Diesel for 150 kms	570
Oil and stores per month	3,000
Garage rent per month	3,000
Repairs estimated per month	6,750



Insurance per annum	54,000
Replacement of tyres and tubes per month	4,500
Depreciation at 25% per annum	
Salary of the conductor per month	12,000
Salary of the driver per month	15,000
Salary of the accountant per month	9,000
Permit fees per month	1,500
Miscellaneous expenses per month	12,000

Commission to drivers and conductor at 10% of the takings. The bus will make 3 round trips every day and it carries 30 passengers on an average in each Journey. Further the bus will operate for 25 days during the month.

15. Durgamba Ltd. undertook a contract for ₹ 15,00,000 on 1st January 2020. From the following particulars obtained from the books, prepare contract account for the year ending 31st December 2020.

	₹
Materials	3,60,000
Plant issued	1,20,000
Wages	4,50,000
Working expenses	18,000
Administration expenses	30,000
Work certified	10,50,000
Plant in hand on 31-12-2016	60,000
Cost of work certified	48,000



The contractor wished to take profit on this contract on estimation basis and the following estimation was made.

- a) The contract could be completed in a further period of 6 months.
 - b) The plant will have a residual value of ₹ 15,000 upon the completion of this contract.
 - c) The additional wages to complete the contract would come to ₹ 1,53,000
 - d) A further sum of ₹ 12,000 will be spent on working expenses.
 - e) The administration expenses will be ₹ 15,000 more.
 - f) The materials required further will cost ₹ 1,95,000.
16. a) What is Inter process profit ? Bring out advantages and limitations of Inter process profit.
- b) Write a short note on :
- i) Abnormal loss and abnormal gain.
 - ii) Joint products V/S By products.
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