Reg. No. | | | | | | | | | |

BCMCMC 315

Credit Based V Semester B.Com. Examination, Nov./Dec. 2018
(2016 –17 Batch Onwards)
COST AND MANAGEMENT ACCOUNTING – III

Time : 3 Hours Max. Marks : 120

***Instruction :** Provide working notes **wherever** necessary.*

SECTION – A

Answer **any four** of the following : **(4×6 = 24)**

1. Distinguish between Joint Products and By Products.

2. Write a note on abnormal loss and abnormal gain.

3. Compute the economic batch quantity for a company using batch costing with the following information:

   i) Annual demand 10,000 units

   ii) Setting up cost : ₹ 250

   iii) Cost of manufacture per unit ₹ 400

   iv) Rate of interest per annum 10%.

4. Sumukha transport company has 10 trucks, each with capacity of 4 tons. Each trucks makes 3 round trips a day between 2 places, 40 kms apart. In the onward journey full load of bricks and in the return journey on an average 20% of capacity filled. Trucks are laid down for repairs for 5 days in a month consisting of 30 days. Calculate total ton kms.

P.T.O.

5. Calculate the value of Plant at site on 31-3-2018 from the following particulars: Plant purchased on 1-4-2017 for the contract ₹ 2,10,000. Its installation cost ₹ 10,000. ₹ 20,000 worth of Plant was destroyed by fire. On 1-10-2017, the plant was transferred to another contract and on the same day. Another plant was bought for ₹ 1,20,000. Plant which cost ₹ 12,000 was returned to stores on 31-3-2018. Rate of depreciation 10% p.a.

6. Write a note on 'Work certified' and 'Escalation clause' in contract accounting.

SECTION – B

Answer **any four** questions :

(4×12 = 48)

7. Briefly explain the methods of accounting for by products.

8. Distinguish between Process costing and job costing.

9. The following particulars are extracted from the books of Soujanya Building Contractors on 31-3-2018.

Materials purchased ₹ 80,000

Materials issued from other contract ₹ 5,50,000

Wages ₹ 8,75,000

Inspection expense ₹ 35,000

General expense ₹ 15,000

Scrap materials sold ₹ 6,000

Establishment charges ₹ 66,000

A Plant was purchased on 1-7-2017 for ₹ 80,000 of the Plant and material charged to the contract. Plant which cost ₹ 3,000 and material which cost ₹ 2,500 were lost. On 31-12-2017, the plant was transferred to another contract. An additional Plant was purchased on 1-1-2018 for ₹ 2,00,000.The contract price was ₹ 50,00,000. Cash received on account up to 31-3-2018 amounted to ₹ 20,00,000, being 80% of work certified. The cost of work done but not certified was ₹ 75,000. The closing value of material was ₹ 20,000. Charge depreciation on Plant at 10% p.a. Prepare Contract Account.

10. The following details are extracted from the records of an oil mill for the month of March 2018.

Purchase of 500 tonnes of Copras costing ₹ 2,00,000.

Particulars	Crushing	Refining	Finishing
	₹	₹	₹
Labour	2,500	1,000	1,500
Power	600	360	240
Other materials	100	2,000	–
Repairs	280	330	140
Steam	600	450	450
Other expense	1,320	660	220
Cost of drums	–	–	7,500
Sacks sold	400	–	–
Production (tonnes)	300	250	248

175 tonnes of Copra residue sold for ₹ 11,000. Loss in weight in crushing process 25 tonnes. 45 tonnes of by-product got in refining process valued at ₹ 6,750. Prepare Process Account.

11. The following information relates to the manufacture of a component in a factory.

Cost of material ₹ 6.80 per unit

Operator's wages ₹ 25 per hour

Machine hour rate ₹ 50

Setting up time of the machine is 2 hours and 20 minutes.

Time required for production is 10 minutes per unit.

Prepare a Cost Sheet showing the production cost and setting up cost and cost per unit when the batch consists of 100 units and 1,000 units.

12. Mayura 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
Material	5,000	2,000	900	1,300
Labour	4,500	1,000	800	800
On cost	4,000	500	300	400
Selling price		21,000	10,000	9,000
Profit on sale		50%	50%	$33\frac{1}{3}$ %

Show the apportionment of Joint expenses and prepare necessary accounts.

SECTION – C

Answer **any two** of the following : **(2×24 = 48)**

13. A product passes through three processes A, B and C. The normal wastage of each process is 3%, 5% and 8% respectively. The wastage of each process is sold at ₹ 0.25, 0.50, and ₹ 1 per unit respectively.

10,000 units were issued to process A in the beginning of the month at ₹ 10 per unit. The other expenses were as follows :

Particulars	A	B	C
	₹	₹	₹
Sundry materials	1,000	3,000	500
Labour	8,000	13,000	5,300
Direct expense	475	1,338	388

The actual output was A – 9,500 units, B – 9,100 units and C – 8,100 units. There was no stock at the beginning or at the end.

Prepare

i) Process Account

ii) Abnormal Loss Account

iii) Abnormal Gain Account.

14. The contract ledger of Soujanya and Company showed the following on account of a contract on 31-3-2018

	₹
Materials	2,10,000
Plant	70,000
Wages	2,93,000
Sundry expense	15,000
Establishment charges	10,000

The contract was started on 1st April 2017 and the contract price was ₹10,00,000. Cash received to date was ₹ 4,80,000 representing 80% of work certified. The value of Plant on 31st March 2018 was ₹ 20,000 and value of material on hand was ₹ 6,000. The cost of work finished but not certified was ₹ 50,000.

Some of the materials costing ₹ 20,000 were found unsuitable and were sold for ₹ 16,000 and a part of the Plant costing ₹ 5,000 was unsuited to the contract and was sold at a profit of ₹ 1,000.

In order to calculate the profit made on 31st March 2018, the contractor estimated further expenditure that would be incurred in completing the contract. The estimates were as under :

a) That the contract would be completed by Sept. 30th 2018

b) That a further sum of ₹ 30,000 would have to be spent on Plant and the residual value of the Plant on the completion of the contract would be ₹ 12,000.

c) The materials in addition to those on hand on 31st March 2018 would cost ₹ 1,00,000 and that further sundry expenses ₹ 7,000 would be incurred.

d) The wages would amount to ₹ 1,69,000.

e) That the establishment charges would cost the same amount per month as in the previous year. Total of 18,000 would be sufficient to meet the contingencies. Prepare the contract account for the year 31st March 2018.

15. Navashravya Transport has been given a permit to run a bus between two towns which are 50 kms apart. From the following information, assuming 15% profit on taking, calculate the bus-fare to be charged to each passenger.

	₹
Cost of the bus	15,00,000
Annual tax	72,000
Diesel for 100 kms	7,000
Other expenses per month	8,000
Garage rent per month	15,000
Repair charges per month	20,000
Insurance per annum	36,000
Tyres and Tubes per month	6,000
Depreciation at 12% p.a.	
Salary of the driver per month	15,000

Salary of the conductor per month	10,000
Salary of the Accountant per month	12,000
Permit fees per month	3,600

Commission to driver and conductor at 5% of the takings. The bus will make two round trips everyday.

The seating capacity of the bus is 40 passengers. On outward journey, 80% of the seats are occupied and on return journey 75% of the seats are occupied. The bus will operate for 30 days during the month.

16. a) Explain the rules related to the treatment of profits on incomplete contracts.

b) Explain briefly the methods of accounting for Joint products.
