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BCMCMC 315

Credit Based V Semester B.Com. Degree Examination, April 2021

(Semester Scheme)

(Common to All Batches)

COMMERCE

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. Write a note on Inter Process Profit.
2. Explain escalation clause and de-escalation clause.
3. What is Operating Costing ? Give four names of industries where it may be applied ?
4. Aswaj travels has 4 buses, operating between 2 cities Mangaluru and Kundapur which are 90 kms. apart. Each bus makes two round trips 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 for 6 days for repairs.

5. Calculate the Economic Batch Quantity with the following information :

Annual demand for the components 4,000 units

Setting up cost ₹ 100

Carrying cost per unit ₹ 200

Rate of interest per annum 10%

P.T.O.



6. A component is made entirely in Machine Shop No. 2

- Material cost is ₹ 20 per component.
- Each component takes 6 minutes to produce and machine operator is paid ₹ 15.00/hour.
- Machine Hour Rate is ₹ 72.00/hour.
- The setting up of the machine to produce a component takes 3 hours for the operator.

You are required to Prepare the Cost Sheet showing the setting up cost and cost for the batch and cost per component assuming a batch size of 150 quantities.

SECTION – B

Answer **any four** of the following.

(4×12=48)

7. How do you compute the profit to be transferred to Profit or Loss Account in case of incomplete contracts ?
8. Explain the methods of apportionment of joint cost among the joint products.
9. The information given below has been taken from the cost records of a factory in respect of Job No. 777.

Direct Materials	:	₹ 4,010
Wages	:	Department X – 70 hours at ₹ 30 per hour
		Department Y – 50 hours at ₹ 20 per hour
		Department Z – 30 hours at ₹ 10 per hour
Works Overheads (Variable)	:	Department X – ₹ 5,000 for 5,000 hours
		Department Y – ₹ 3,000 for 1,500 hours
		Department Z – ₹ 2,000 for 500 hours
Fixed expenses	:	₹ 30,000 for 10,000 labour hours

Calculate the Cost of Job and the Price to earn a profit of 25% on selling price.



10. A firm of building contractors began to trade on 1-4-2019. The following was the expenditure on contract for ₹ 3,00,000.

- Materials issued to contract ₹ 51,000.
- Plant used for contract ₹ 15,000.
- Wages ₹ 81,000.
- Other expenses ₹ 5,000.
- Cash received on account to 31-3-2020 amounted to ₹ 1,28,000 being 80% of the work certified.
- Of the plant and materials charged to the contract, plant which cost ₹ 3,000 and materials which cost ₹ 2,500 were lost on 31-3-2020.
- Plant cost ₹ 2,000 was returned to stores.
- The cost of work done but uncertified was ₹ 1,000 and materials costing ₹ 2,300 were in hand on site.
- Charge 15% depreciation on plant.

Prepare Contract Account.

11. The following details are extracted from the costing records of an oil mill for the month of March 2020. Purchase of 500 tonnes of copra 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
Expenses	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-products got in refining process valued at ₹ 6,750. Prepare the Process Accounts.

12. Arush Company Ltd. produces A as a main product, B and C as its by-products. The following expenses have been incurred for the above products.

Particulars	Joint expenses	Separate expenses		
		A	B	C
	₹	₹	₹	₹
Materials	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 also prepare necessary accounts.

SECTION – C

Answer **any two** of the following.

(2×24=48)

13. A product passes through three distinct processes to completion. During the quarter ending 31st March 2020, the cost and production were as under.

Particulars	Process A	Process B	Process C
Other materials ₹	20,000	30,000	32,000
Direct labour ₹	30,000	40,000	50,000
Direct expenses ₹	5,000	3,000	2,000



Normal loss in input	10%	5%	10%
Sale of scrap per unit	30	50	60
Production in units	920	870	800

Total production overheads ₹ 60,000.

1,000 units at ₹ 50 per unit were introduced to Process A.

Production overhead is allocated to each process on the basis of direct labour.

Prepare Process Accounts, Abnormal loss account and Abnormal gain account. (if any)

14. The contract ledger of Abhin and Company showed the following expenditure on account of a contract on 31st December, 2018.

Particulars	Amount (₹)
Materials	2,10,000
Plant	70,000
Wages	2,93,000
Sundry expenses	15,000
Establishment charges	10,000

- The contract was started on 1st January, 2018 and the contract price was ₹ 10,00,000.
- Cash received to date was ₹ 4,80,000 representing 80% of the work certified.
- The value of plant on 31st December, 2018 was ₹ 20,000 and value of materials 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 was sold at a profit of ₹ 1,000.

In order to calculate the profit made on 31-12-2018, the contract estimated further expenditure that would be incurred in completing the contract and took to the credit of Profit and Loss Account for the year that proportion of the estimated net profit to be realized on the contract which the value of work certified bore to the contract price.



The estimates were as under :

- a) That the contract would be completed by 30th June, 2019.
- 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 31-12-2018 would cost ₹ 1,00,000 and that further sundry expenses ₹ 7,000 would be incurred.
- d) That the wages for the 6 months would amount to ₹ 1,69,000.
- e) That the establishment charges would cost the same amount per month as in the previous year.
- f) Total ₹ 18,000 would be sufficient to meet the contingencies.

Prepare Contract Account and show your calculation of the profit to be credited to Profit/Loss Account for the year.

15. Mr. Arul Sharma has been given a permit to run a bus between 2 towns which are 25 kms apart. From the following information, assuming 15% profit on takings for Mr. Arul Sharma, work out the bus fare to be charged to each passenger.

Particulars	Amount (₹)
Cost of the bus	20,00,000
Annual tax	72,000
Diesel for 100 kms	1,000
Other expenses for month	8,000
Garage rent per month	2,000
Repair charges for month	4,000



Insurance per annum,	24,000
Tyre and tubes per month	3,000
Depreciation @ 12% per annum	
Salary of the driver per month	10,000
Salary of the conductor per month	8,000
Salary of the accountant per month	5,400
Permit fees per month	3,600

Commission to driver and conductor @ 5% of the takings, to be shared equally by them. The bus will make 2 round trips every day. The seating capacity of the bus is 40 passengers. On onward 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) What is a Joint Product ? Distinguish between Joint Products and By Products.
- b) What is a Job Costing ? What are its features ? Explain the differences between Job Costing and Batch Costing.
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