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**Credit Based Fifth Semester B.Com. Degree Examination,
October/November 2016
(2016-17 Batch Onwards)**

COMMERCE

Cost and Management Accounting (Paper – III)

Time : 3 Hours

Max. Marks : 120

Note : Provide working note *wherever* necessary.

SECTION – A

Answer **any four** questions of the following :

(4×6=24)

1. Distinguish between Job order costing and batch costing.
2. What is Retention money and cost plus contract ?
3. What is meant by operating costing ? Name five undertakings where operating cost is applied.
4. Compute the economic batch quantity for a company using batch costing with the following information. 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.
5. The output of process A is 5000 units. 400 units are considered as abnormal loss. Normal loss allowed is 10%. From the following information, Prepare Process Account. Material @ Rs. 20 per unit of input, wages Rs. 16,000, Overhead Rs. 13,400, wastage realized Rs. 10 per unit.
6. From the following calculate the total passenger km. No. of buses-10, No. of days operated in a month-28, No. of trips by each bus per day-2 trips, distance of route-25 km. (one side). Capacity of the bus-50, Passengers, normal passenger capacity-80%.

SECTION – B

Answer **any four** questions of the following :

(4×12=48)

7. Enumerate the methods which may be employed in allocating joint cost to joint product ?
8. What is work certified and notional profit in contract costing ? How do you compute the profit to be transferred to Profit and Loss A/c in the case of incomplete contract ?



9. 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.

Overheads : Variable Rs. 2.00 per hour
 Fixed Rs. 30,000 for 10,000 hours.

Calculate the cost of job no. 555 in job cost sheet and the price for the job to earn a profit of 25% on selling price.

10. Kanvi Industries Ltd. operates a processing plant to produce three joint products X, Y and Z. The following particulars are provided to you from the books of the Company. Find out the cost of Joint products under

- a) Average unit cost method
- b) Physical units method

Joint Product	Units Produced	Raw material used (tons)
X	10,000	10,000
Y	4,000	20,000
Z	6,000	20,000

Pre separation cost : Rs. 1,00,000.

11. A product of a company passes through two different processes to completion. They are process 'A' and process 'B'. From the past experience, it is ascertained that the wastage is incurred in the process as follows :

Process A 5%, process B 10%.

The wastage of process A is sold at Rs. 80 per 100 units and that of B at Rs. 125 per 100 units. Following information is available for the month of January 2014.

	Process A (Rs.)	Process B (Rs.)
Materials Consumed	15,000	7,500
Wages	17,500	10,000
Chargeable expenses	5,000	3,000
Actual output in units	7,500	6,900

8000 units were introduced to process A in the beginning of the month at cost of Rs. 10 per unit. Indirect expenses were Rs. 2,750, which are to be apportioned among the processes in the ratio of wages. Prepare the process A/c showing the cost per unit.

12. A firm of building contractors began to trade on 1-4-2014. The following was the expenditure on contract for Rs. 3,00,000.

Materials issued to contract Rs. 51,000, plant used for contract Rs. 15,000, wages Rs. 18,000, other expenses Rs. 5,000.

Cash received on account to 31 March 2015 amounted to Rs. 1,28,000 being 80% of the work certified. Of the plant and materials charged to the contract, plant which cost Rs. 3,000 and materials which cost Rs. 2,500 were lost on 31 March, 2015. Plant cost Rs. 2,000 was returned to stores. The cost of work done but uncertified was Rs. 1,000 and materials costing Rs. 2,300, were in hand on site. Charge 15% depreciation on plant.

Prepare Contract Account.



SECTION – C

Answer **any two** questions of the following :

(2×24=48)

13. 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		
	Rs.	A Rs.	B Rs.	C Rs.	
Materials	5,000	2,000	900	1,300	
Labour	4,500	1,000	800	800	
Oncost	4,000	500	300	400	
Selling price		21,000	10,000	9,000	
Profit on sale		50%	50%	33 $\frac{1}{3}$ %	

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

14. Mr. Akhilesh has been given permit to run a bus between two towns, which are 25 km apart. From the following information assuming 15% profit on takings workout the bus fare to be charged to each passenger.

	Rs.
Cost of bus	20,00,000
Annual tax	72,000
Diesel for 100 km	1,000
Other expenses per month	8,000
Garage rent per month	2,000
Repair charges per month	4,000
Insurance per annum	24,000
Tyre and Tubes per month	3,000
Depreciation at 12% p.a.	
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 at 5% of the takings to be shared equally by them. The bus will make two round trips every day.

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.



15. The following particulars are extracted from the books of a building contractor on 31 Dec. 2015.

- Material purchased Rs. 80,000
- Transfer from other contract Rs. 2,00,000
- Issued from the central stores Rs. 5,50,000
- Wages Rs. 8,75,000
- General stores Rs. 40,000
- Inspection expenses Rs. 35,000
- Establishment charges Rs. 66,000
- General expenses Rs. 15,000
- Scrap material sold Rs. 6,000

A cement mixing plant was purchased on 1st January 2015 for Rs. 80,000. Installation charges amounted to Rs. 20,000. Of the plant and material charged to the contract, plant which cost Rs. 3,000 and material which cost Rs. 2,500 were lost. On June 30 the concrete mixing plant was transferred to another contract. An additional plant was purchased on 1st October for Rs. 2,00,000.

The contract price was Rs. 50,00,000. Cash received on account upto 31st December 2015 amounted to Rs. 20,00,000 being 80% of work certified. The cost of work done but not certified was Rs. 75,000. The value of material on hand was Rs. 20,000. Charge depreciation on plant at 10% per annum.

Prepare contract A/c and show how work in progress A/c will appear in the Balance Sheet on 31st Dec. 2015.

16. A product passes through three processes A, B and C. The details of expenses incurred on the three processes during the year 2015 were as under.

	Processes		
	A Rs.	B Rs.	C Rs.
Units issued	10,000	—	—
Cost per unit	100	—	—
Sundry materials	10,000	15,000	5,000
Labour	30,000	80,000	65,000
Direct Expenses	6,000	18,150	27,200
Selling price per unit	120	165	250

Management Expenses during the year were Rs. 80,000 and selling expenses were Rs. 50,000. These are not allocable to the processes.

Actual output of the three processes was :

Process A 9,300 units, Process B 5,400 units, Process C 2,100 units.

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 Rs. 2.00 per unit, that of B at Rs. 5.00 per unit and process C at Rs. 10.00 per unit.

Prepare the three Process Accounts, Abnormal Loss Account and Abnormal Gain Account.