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**BCMCMC 315**

**Credit Based V Semester B.Com. Degree Examination, Oct./Nov. 2017  
(2016 – 17 Batch)  
COMMERCE**

**Cost and Management Accounting – III**

Time : 3 Hours

Max. Marks : 120

**Instructions :** 1) Provide working notes *wherever* necessary.

2) A single Booklet of 40 pages will be issued no additional books will be given.

**SECTION – A**

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

**(4×6=24)**

1. Write a note on inter process profit.
2. Explain escalation clause and deescalation clause.
3. Write a note on cost plus contract.
4. Calculate economic batch quantity from the following :  
Monthly demand for the component (twenty thousand) 20,000 units, setting up cost per batch. ₹ 240, annual rate of interest 8%, cost of manufacture per unit ₹10.
5. From the following, calculate the total passenger km.  
No. of busses 20  
No. of days operated in a month 30  
No. of trips by each bus one round trip distance of route 50 km. (one side)  
capacity of each bus – 60 passenger.
6. The output of process X is 10,000 units and 800 units are considered as abnormal loss. Normal loss is allowed at 10%. From the following information prepare Process X account.  
Material at ₹ 40 per unit  
Wages ₹ 32,000  
Overheads ₹ 26,800  
Wastages realized ₹ 10 per unit.

**SECTION – B**

Answer **any four** questions.

**(4×12=48)**

7. The information given below has been taken from the records of an engineering works in respect of job No. 555  
Materials Rs. 80,000  
Wages – Department A – 60 hours at Rs. 30 per hour  
Department B – 40 hours at Rs. 20 per hour  
Department C – 20 hours at Rs. 50 per hour

**P.T.O.**



The works overheads are as follows :

Variable – Department A – Rs. 15,000 for 5000 hours

Department B – Rs. 30,000 for 1500 hours

Department C – Rs. 20,000 for 500 hours

Fixed expenses Rs. 2,00,000 for 10,000 working hours.

Calculate the cost of Job No. 555 and the price for the job to earn a profit of 25% on the selling price.

8. The following details are extracted from the costing records of an oil mill for the month of March 2017. Purchase of 1000 tones of copra costing ₹ 4,00,000.

Particulars	Crushing	Refining	Finishing
	Rs.	Rs.	Rs.
Labour	5,000	2,000	3,000
Power	1,200	720	480
Other materials	200	4,000	—
Repairs	560	660	280
Steam	1,200	900	900
Expenses	2,640	1,320	440
Cost of drums	—	—	15,000
Sacks sold	800	—	—
Production (ton)	600	500	496

350 tons of copra residue sold for ₹ 22,000. Loss in weight in crushing process 50 tons. 90 tons of by products got in refining process valued at ₹ 13,500.

Prepare process accounts.

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

Cost of material ₹ 6 for component

Operators wages ₹ 72 per hour

Machine hour rate ₹ 150

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 100 components and 400 components.

10. Product P yields by products Q and R. The joint expenses of manufacture are

Materials ₹ 10,000

Labour ₹ 8,000

Other cost ₹ 9,000



Subsequent expenses are as follows :

	P	Q	R
	₹	₹	₹
Materials	2,000	1,600	1,800
Labour	2,400	1,400	1,700
Other cost	2,600	1,000	1,500
	<u>7,000</u>	<u>4,000</u>	<u>5,000</u>
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 also prepare necessary accounts.

- Discuss the methods of apportionment of joint cost among the joint products.
- Explain briefly the methods of 'By products' accounting.

### SECTION – C

Answer any two questions.

(2×24=48)

- The product of a company passes through three distinct process to completion. From past experience it is ascertained that wastage is incurred in each process as under.

Process A – 2% Process B – 5% Process C – 10%. The wastage of Process A and B is sold at ₹ 40 per 100 units and that of process at ₹ 320 per 100 units.

The following are the information regarding the production in March 2017.

Particulars	Process A	Process B	Process C
	₹	₹	₹
Materials	48,000	32,000	16,000
Direct Labour	64,000	48,000	24,000
Machine expenses	8,000	8,000	12,000
Factory expenses	14,000	15,200	16,800

20,000 units have been issued to Process A at a cost of ₹ 80,000. The output of each process has been as under

Process A – 19,500 units

Process B – 18,800 units

Process C – 16,000 units

There were no stock in any process in the beginning and at the end of March.

Prepare process cost A/cs. abnormal loss account and abnormal gain account if it arises in any process.

- Navadurga Ltd. undertook a contract for ₹ 10,00,000 on 1<sup>st</sup> January 2016. From the following particulars obtained from the books, prepare contract account for the year ending 31<sup>st</sup> December 2016.

	₹
Materials	2,40,000
Plant issued	80,000
Wages	3,00,000



Working expenses	12,000
Administration expenses	20,000
Work certified	7,00,000
Plant in hand on 31-12-2016	40,000
Cost of work uncertified	32,000

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 ₹ 10,000 upon the completion of this contract.
  - c) The additional wages to complete the contract would come to ₹ 1,02,000.
  - d) A further sum of ₹ 8,000 will be spent on working expenses.
  - e) The administration expenses will be ₹ 10,000 more.
  - f) The materials required further will cost ₹ 1,30,000.
15. Surabhi travels runs a bus between Sullia and Mangalore via Puttur. The distance between Sullia and Puttur is 40 kms. and between Puttur and Mangalore is 50 kms. During the onwards Journey the bus is full of its capacity upto Puttur but only 80% full between Puttur and Mangalore. On the other hand on the return Journey it is full from Mangalore to Puttur but 75% of the capacity between Puttur and Sullia. The following information are provided :

	₹
Cost of the bus	60,00,000
Estimated scrap value	40,000
Estimated life	10 years
Annual road tax	10,000
Insurance charges per year	20,000
Garage rent per year	48,000
Drivers salary per month	30,000
Conductors salary per month	25,000
Cleaners salary per month	10,000
Cost of diesel per litre	58
Kms. run per litre of diesel	4 kms.
Proportionate charges for tyre per km.	0.50

Capacity of the bus is 50 passengers and the bus makes a round trip from Sullia to Mangalore, on an average 25 days in a month, you are required :

- a) To compute the cost per passenger km. of operating the bus
  - b) Assuming 10% profit on takings for the company, workout the bus fare to be charged in between Sullia and Puttur and Puttur and Mangalore for each passenger.
16. a) What is Job costing ? What are its features ? Explain the differences between job costing and batch costing.
- b) Write a short note on :
- i) Abnormal loss and abnormal gain
  - ii) Joint products vs. By products.