

**B.Com. (Semester – V) Examination, October/November 2016**  
**Major – I : COST AND MANAGEMENT ACCOUNTING**  
**Methods of Costing (New Course)**

Duration : 2 Hours

Total Marks : 80

**Instructions :** 1) Question No. 1 is compulsory.

2) Answer **any three** questions from Question No. 2 to Question No. 6.

3) Figures to the **right** indicate **maximum** marks.

4) **Working notes** should form part of the **answer**.

1. In November, 2015, a manufacturer desired to quote for the supply of 700 calculators. From the following information, prepare a Cost Sheet for the period from 1<sup>st</sup> April to 30<sup>th</sup> September 2015 and a statement showing the price to be quoted for the supply of 700 calculators to give the same percentage of profit on selling price as was realized during six months ending on 30<sup>th</sup> September, 2015. **20**

Particulars	Rs.
Stock of materials as on 1 <sup>st</sup> April, 2015	20,000
Stock of materials as on 30 <sup>th</sup> September, 2015	10,000
Purchases of materials during six months	1,50,000
Direct wages during six months	1,20,000
Overheads during six months	60,000
Sales during six months	4,00,000

1000 calculators were manufactured during the six months ending on 30<sup>th</sup> September, 2015. The calculators manufactured are of uniform quality and size as were manufactured during the six months up to September 2015. For November, 2015, the material cost per unit and direct wage rate per unit will rise by 10% and 5% respectively. Overheads are absorbed as a percentage of direct wages.

P.T.O.

2. Mr. Amit, a contractor, commenced his business on 1<sup>st</sup> January, 2015. During the year 2015, he was engaged on only one contract of which the contract price was Rs. 5,00,000. 20

The Trial Balance of the contractor as on 31<sup>st</sup> December, 2015 was as follows :

Particulars	Debit (Rs.)	Credit (Rs.)
Mr. Amit's capital		1,30,000
Creditors		13,000
Cash received from contractee (80% of work certified)		2,00,000
Land and building at cost	50,000	
Bank balance	18,000	
Charged to contract		
Materials	1,00,000	
Plant	25,000	
Wages	1,20,000	
Expenses	30,000	
	<b>3,43,000</b>	<b>3,43,000</b>

**Other information :**

- i) Of the plant and materials charged to the contract, plant costing Rs. 5,000 and materials costing Rs. 2,000 were destroyed at the site on 1<sup>st</sup> January, 2015.
- ii) On 31<sup>st</sup> December, 2015; plant costing Rs. 5,000 was returned to store, materials costing Rs. 2,000 were on site and cost of work uncertified was Rs. 6,000.
- iii) Plant and land and building are to be depreciated at 10% and 5% per annum respectively.

Prepare :

- a) Contract Account for the year ending 31<sup>st</sup> December, 2015 and
- b) Balance Sheet of the contractor as on 31<sup>st</sup> December, 2015.

3. A transport service company is running four buses between two towns which are 50 miles apart. Seating capacity of each bus is 40 passengers. The following particulars were obtained from their books for the month of June 2015 : 20

Particulars	Rs.
Wages of a driver per month	10,000
Wages of a conductor per month	8,000
Diesel and oil expenses of one bus	15,000
Repairs and maintenance for four buses	7,000
Road tax for four buses	2,000
Depreciation per bus per month	500
Rent of the garage for four buses	8,200

Actual passengers carried were 90% of the seating capacity. All four buses ran on all the days of the month of June, 2015. Each bus made one round trip per day.

Calculate the cost per passenger mile.

4. A product is produced in three consecutive processes – Process I, Process II and Process III. 5,000 units of raw materials at the rate of Rs. 2 per unit were issued to Process I at the beginning of the year. 20

**Other information :**

Particulars	Process I	Process II	Process III
Output (Units)	4,700	4,300	4,050
Normal loss (% of input)	5%	10%	5%
Scrap value per unit (Rs.)	1	5	6
Direct wages	3,000	5,000	8,000
Direct expenses	9,750	9,910	15,560

The overheads were Rs. 32,000 and they are chargeable to the three processes on the basis of direct wages.

Prepare : Process Accounts, Normal Loss Account and Abnormal Gain Account.



5. a) Following are the details relating to By-product R and By-product N. 10

Particulars	By-product R	By-product N
Selling price per unit (Rs.)	12	24
Cost per unit after separation (Rs.)	3	5
Units produced (units)	500	200

Selling expenses amounted to 20% of total cost. Selling prices are arrived at by adding 20% to total cost.

Prepare a statement showing total and per unit pre-separation cost of By-product R and By-product N.

b) The following information is extracted from the job ledger in respect of Job No. 50 of a company : 10

Materials :

Material A 1000 Kg. @ Rs. 20 each per Kg.

Material B 24 Kg. @ Rs. 100 each per Kg.

Wages (@ Rs. 40 per hour per dept.)

Dept. X 30 hours

Dept. Y 50 hours

Proportionate fixed overheads Rs. 3,000

The total variable overheads for all the jobs undertaken Rs. 20,000 for 4,000 labour hours

Expected Profit 20% on total cost

Prepare a Job Cost Sheet for Job No. 50.

6. Answer the following (any four) : (5×4=20)

I) Write a note on 'Batch Costing'.

II) What is a cost sheet ? What are its advantages ?

III) Write a note on 'Power House Costing'.

IV) Explain in brief any one method of Joint product accounting.

V) What is 'Equivalent Production' ? How is it computed ?

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