



V Semester B.Com. Examination, March/April 2022
(CBCS) (F+R) (2016 – 17 and Onwards)

COMMERCE

5.4 : Costing Methods

Time : 3 Hours

Max. Marks : 70

Instruction : The answers should be written **completely in English** or in **Kannada**.

SECTION – A

1. Answer **any five** of the following sub-questions. **Each** sub-question carries **two** marks. **(5×2=10)**
- State two features of job costing.
 - What is batch costing ?
 - State the names of four industries in which process costing can be used.
 - Give the meaning of notional profit.
 - What is abnormal process loss ?
 - What do you mean by operating cost ?
 - What are standing charges in operating costing ?

SECTION – B

Answer **any three** of the following questions. **Each** question carries **six** marks. **(3×6=18)**

2. Briefly explain the different methods of costing.
3. Calculate EBQ and No. of Batches from the following :
- | | | |
|---------------------------|---|----------------------|
| Annual consumption | – | 1,20,000 units |
| Setting-up cost per batch | – | Rs. 2,000 |
| Cost of manufacture | – | Rs. 40 p.u. |
| Rate of interest | – | 10% |
| Carry cost | – | Rs. 2 p.u. per annum |
4. Prepare Abnormal Loss A/c of Process 'A' from the following details.
- | Particulars | Amount |
|---------------------------------|--------------|
| Materials | Rs. 30,000 |
| Labour | Rs. 10,000 |
| Overheads | Rs. 7,000 |
| Inputs (units) | 20,000 |
| Normal loss | 10% |
| Sale of normal wastage per unit | Re. 1 |
| Output | 17,000 units |



5. A transport company is running 6 buses between two cities which are 50 kms apart. Seating capacity of each bus is 48 passengers. Actual passenger carried were 60% of the seating capacity, each bus made two round trip per day. All the buses ran on all the days of the month. Find the total passengers kilometers covered during the month of April 2021.
6. The following particulars relate to a certain contract carried out during the year ended 31-3-2021.

	(in Rs.)
Work certified	1,43,000
Cash received from contractee	1,30,000
Materials sent to site	64,500
Labour	56,600
Plant installed at site	11,300
Value of plant at the end	8,200
Establishment charges	3,250
Work uncertified	3,400
Direct expenditure	2,600
Materials on hand at the end	1,400
Materials returned to stores	400
Contract price	2,00,000

Prepare the Contract Account for the year ended 31-3-2021.

SECTION - C

Answer **any three** of the following. **Each** question carries **14** marks. (3×14=42)

7. Product 'B' is obtained after it passes through three distinct processes. The following information is obtained from the accounts for the month ending 31-12-2021.

Particulars	Total (Rs.)	Process I (Rs.)	Process II (Rs.)	Process III (Rs.)
Direct materials	7,542	2,600	1,980	2,962
Direct wages	9,000	2,000	3,000	4,000
Production overheads	9,000			

1000 units at Rs. 3 p.u. were introduced to Process I. Production overheads is recovered on 100% of direct wages. The following additional data are obtained.

Process	Output during the month (units)	Normal Loss	Value of scrap p.u. (Rs.)
I	950	5%	2
II	840	10%	4
III	750	15%	5

Prepare Process Accounts and Abnormal Loss and Abnormal Gain Account.



8. The following information relates to a building contract for Rs. 10,00,000.

Particulars	2020 (Rs.)	2021 (Rs.)
Materials issued	3,00,000	84,000
Direct wages	2,30,000	1,05,000
Direct expenses	22,000	10,000
Indirect expenses	6,000	1,400
Work certified	7,50,000	10,00,000
Work uncertified	8,000	—
Materials at site	5,000	7,000
Plant issued	14,000	2,000
Cash received from contractee	6,00,000	10,00,000

The value of plant at the end of 2020 and 2021 was Rs. 7,000 and Rs. 5,000 respectively. Prepare

- 1) Contract Account
- 2) Contractee Account for two years.

9. Vaibhav transport runs a minibus with a capacity of 25 seats. The bus runs between two towns which are 25 km apart. It runs for 30 days in a month and on an average 80% of seating capacity is utilised. The bus makes two round trips each day.

	in (Rs.)
Cost of the bus	30,00,000
Estimated scrap value at the end of its useful life of 10 years	1,20,000
Drivers salary per month	18,000
Conductors salary per month	15,000
Managers salary per month	12,000
Cleaners salary per month	9,000
Garage rent p.a.	64,800
Life tax	1,44,000
Rent, lighting etc. p.m.	3,000
Repairs p.m.	7,200
Diesel, oil etc. p.m.	72,000

The profit expected 20% on takings. Prepare statements to show

- a) Operating cost per passenger kilometer.
- b) The fare per passenger kilometer.



10. From the following details, you are required to calculate the cost of Job No. 222 and find out the price to give a profit of 25% on selling price.

Materials cost at Rs. 3,000

Direct wages :

- a) Dept. A – 80 labour hours at Rs. 10/hour
- b) Dept. B – 60 labour hours at Rs. 6/hour
- c) Dept. C – 40 labour hours at Rs. 5/hour

Overhead expenses for three departments were estimated as follows :

Variable overheads :

Dept. A – Rs. 5,000 for 1000 labour hours

Dept. B – Rs. 6,000 for 3000 labour hours

Dept. C – Rs. 2,000 for 1000 labour hours

Fixed overheads are estimated at Rs. 10,000 for 5000 normal working hours.

11. a) From the following particulars related to Job No. 301 ascertain the total cost and estimated selling price

	Rs.
Direct materials	17,600
Direct labour	8,000

Works overheads are recovered on the basis of 50% of prime cost and administrative overhead 10% of works cost. A profit of 10% on total cost is to be added.

- b) In process 'Z' 4000 units of materials were introduced at a cost of Rs. 4,00,000. The other expenditure incurred in the process was 2,40,000. Out of the units introduced 5% were lost in weight and the normal loss was 5% which were sold at Rs. 16 p.u. The output of process 'Z' was only 3650 units. Prepare process 'Z' A/c and calculate the value of abnormal gain.