

V Semester B.Com. Examination, March 2023
(2016-17 and Onwards) (CBCS) (F+R)

COMMERCE

Paper – 5.4 : Costing Methods

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written completely either in English or Kannada.

SECTION – A

1. Answer any five of the following sub-questions. Each sub-question carries two marks. (5×2=10)
- What is Batch costing ?
 - What is meant by work uncertified ?
 - What is meant by abnormal gain ?
 - Give any four examples of industries where job costing is applicable.
 - What do you mean by By-products ?
 - Give the meaning of Notional profit.
 - What are standing charges in operating costing ?

SECTION – B

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

2. Briefly explain the difference between job costing and batch costing.

3. The following costs were incurred on Job No. 555

Materials Rs. 9,014

Wages : Dept. A 60 hours at Rs. 30 per hour

Dept. B 40 hours at Rs. 20 per hour

Dept. C 20 hours at Rs. 50 per hour

Variable overheads : Rs. 40 per hour

Fixed overhead : Rs. 40,000 for 2,000 working hours.

Calculate the cost and the selling price to give profit of 25% on selling price.

4. In the process 'A' 2,000 units of Raw-materials were introduced at a cost of Rs. 2,00,000. The other expenditure incurred in the process was Rs. 1,20,000. Of the units introduced the normal loss was 10% which were sold at Rs. 7.50 per unit. The output of process 'A' was 1,825 units.

Calculate process 'A' account and Abnormal gain account.

5. Mr. Kumara accepted a contract for a construction of a building for Rs. 10,00,000. The contractor agreed to pay 90% of the work certified as complete by the architect. During the first year the amount spent were :

	Rs.
Material	1,20,000
Labour	1,50,000
Machinery	30,000
Other expenses	90,000

At the end of the year, the machinery at site was considered of Rs. 20,000 and material at site were Rs. 5,000. Work certified is Rs. 4,00,000 and work uncertified is Rs. 15,000.

Prepare contract account in the books of Mr. Kumara.

6. VRL company own a bus which runs between Bangalore and Shivmoga for 10 days in a month. The distance from Bangalore to Shivmoga is 300 kms. It makes one round trip per day. The bus goes another 10 days in a month towards Hassan. The distance from Bangalore to Hassan is 200 kms. The trip is also completed in the same day. For the rent of 4 days of its operation in a month it runs in the local city. Dally distance covered in local city is 60 kms. The seating capacity of the bus is 50 passengers. The bus is generally occupied 90% of the capacity while it travels from Bangalore to Shivmoga and back 80% of its capacity while It travel from Bangalore to Hassan and back. It is generally full when it runs within the city. Calculate total passenger kilometers.

SECTION – C

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

7. The following costs were incurred on Job No. 415

Materials Rs. 4,010

Direct wages :

Dept. X 60 hours at Rs. 30 per hour.

Dept. Y 40 hours at Rs. 20 per hour.

Dept. Z 20 hours at Rs. 50 per hour.

Variable overheads :

Dept. X Rs. 50,000 for 5,000 labour hours.

Dept. Y Rs. 30,000 for 1,500 labour hours.

Dept. Z Rs. 20,000 for 500 labour hours.

Fixed overheads : Estimated at Rs. 2,00,000 for 10,000 working hours.

You are required to find out the cost of Job No. 415 and the price to give profit of 25% on selling price.

8. Product 'X' is obtained after it passes through three distinct processes. You are required to prepare process account, abnormal loss and abnormal gain account.

Particulars	Process I	Process II	Process III
	Rs.	Rs.	Rs.
Materials	5,200	3,960	5,924
Direct wages	4,000	6,000	8,000

Production overhead Rs. 18,000

1,000 units at Rs. 6 per unit were introduced in Process I production overheads are to be distributed at 100% on direct wages.

Actual output	Units	Normal Loss	Value of Scrap per unit
Process I	950	5%	4 Rs.
Process II	840	10%	8 Rs.
Process III	750	15%	10 Rs.



9. Following is the information relating to a contract.

	Rs.
A) Contract price	6,00,000
Raw-materials	1,20,000
Wages	1,60,000
Sub-contract	5,000
Plant	20,000
General Expenses	7,600
Materials transferred to other contract	2,000

At the end of the year, cash received from the contractee was Rs. 2,40,000 being 80% of work certified. Value of materials unused at the end of the year was Rs. 18,000. Plant to be depreciated at 20%, prepare contract account.

B) Calculate EBQ and No. of batches from the following.

Annual consumption → 2,400 units

Setting up cost per batch → Rs. 100

Carrying cost per unit of production → 6% P.A.

Manufacturing cost per unit → Rs. 200.

10. The following information relates to two contracts of a company for the year 2022.

Particulars	Contract A	Contract B
	(Rs.)	(Rs.)
Materials sent to site	1,70,000	1,46,000
Labour	1,48,000	1,37,000
Plant	30,000	25,000
Direct expenses	6,000	5,000
Establishment charges	8,000	7,000
Materials returned to stores	1,000	1,000
Work certified	3,90,000	2,90,000
Work uncertified	9,000	6,000
Material at site (31-12-2022)	3,000	3,000
Wages outstanding (31-12-2022)	4,800	4,200



Direct expenses outstanding (31-12-2022)	400	300
Value of plant (31-12-2022)	22,000	19,000
Contract price	5,00,000	4,00,000

The cash received from the contractee was 80% of the value of the work certified.

Prepare contract account and contractee's.

11. SRS Transport Company is running 6 buses between two towns 75 kms. apart.

Seating capacity of each bus is 40 passengers. The following particulars are available for the month of June 2022.

Wages of drivers, conductors and cleaners Rs. 3,600

Salary of office and other staff Rs.1,500

Diesel and other oil Rs. 10,320

Repair and maintenance Rs. 1,200

Taxation and Insurance Rs. 2,400

Depreciation Rs. 3,900

Interest on capital Rs. 3,000.

