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V Semester B.Com. (LSCM) Examination, April/May 2023
(CBCS)

COMMERCE

Paper – 5.4 : Costing Methods

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written **only in English**.

SECTION – A

Answer **any five** of the following sub-questions. **Each** sub-question carries 2 marks. (5×2=10)

1. a) State two types of costing methods.
- b) What is EBQ ?
- c) What do you mean by joint product ?
- d) State difference between normal loss and abnormal loss.
- e) What is contract costing ?
- f) What do you mean by running charges ?
- g) Write two features of operating costing.

SECTION – B

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

2. Write the difference between job costing and contract costing.
3. Annual demand for a component 5,000
Unit setup cost per batch = Rs. 75
Annual rate of interest = 15%
Cost of production per unit = Rs. 80
Calculate EBQ.
4. From the following prepare Process Account and calculate Cost Per Unit (CPU) :
Input of raw material 1000 units at Rs. 20 per unit were introduced into process
Direct wages Rs. 4,000
Indirect material Rs. 5,000

P.T.O.



Direct expenses Rs. 1,000
 Works overhead Rs. 950
 Indirect wages Rs. 200
 Normal loss @ 10%
 Scrap value were sold for Rs. 4.80/- per unit.

5. Prepare Contract Account for the year end 31-12-2020 :

Contract price Rs. 12,00,000

Material Rs. 2,40,000

Labour Rs. 3,28,000

Plant Rs. 40,000

Overheads Rs. 17,200

- Cash received of contract is Rs. 4,80,000, being 80% of work certified.
- The value of material in hand Rs. 20,000.
- The plant undergone 20% depreciation.

Prepare Contract Account.

6. From the following information, calculate :

a) Total kilometers

b) Total passengers kilometers

Number of buses = 4

Days operated in a month = 30 days

Trips made by each bus = 4

Distance of route = 30 kms long (one way)

Capacity of each bus = 60 passengers

Normally passenger travelling = 80% of capacity.

SECTION – C

Answer **any three** questions. **Each** question carries **14** marks.

(3×14=42)

7. The product of a company passes through two processes A and B and then to finished stock. In process A, 5% and in process B, 10% of the units entering the process, is considered as normal loss. The scrap value of the loss in the process A is Rs. 8, for 100 units and Rs. 10 for 100 units in process B.

Particulars

Materials (in Rs.)

Wages

Manufacturing expenses

A

3,000

3,500

1,000

B

1,500

2,000

1,000

5,000 units were bought into process A at Rs. 2,500. The output was 4,700 units in process A and 4,150 in process B. Prepare Process Accounts.



8. The following information related to a building contract for Rs. 10,00,000/-

	2015 (Rs.)	2016 (Rs.)
Material 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 2015 and 2016 was Rs. 7,000 and Rs. 5,000 respectively.

Prepare :

- i) Contract account
- ii) Contractee account for two years.

9. Mr. V has given a permit to run a bus between 2 towns which are 25 kms apart. From the following information, assuming 10% profit on taking for Mr. V, workout the bus fare to be charged in between these two towns for each passenger.

- i) Cost of bus Rs. 1,20,000
- ii) Tyres and tubes/month Rs. 300
- iii) Oil and stores Rs. 200/mth
- iv) Repairs estimated Rs. 450/mth
- v) Salary of conductor Rs. 300/mth
- vi) Salary of accountant Rs. 500/mth
- vii) Miscellaneous expenses Rs. 800/mth
- viii) Annual tax Rs. 2,400 p.a.
- ix) Diesel for 100 kms Rs. 72
- x) Garage rent Rs. 200/mth
- xi) Insurance Rs. 3,600 p.a.
- xii) Salary of driver Rs. 450/mth
- xiii) Permit fees Rs. 100/mth
- xiv) Depreciation @25% p.a.

Commission to driver and conductor is at 10% of the takings. The bus will make 3 round trips every day and it carries 30 passengers on an average, in each trip. The bus will operate for 25 days during the month.



10. The following expenses were incurred for a job during the year ending 31st December 2016.
- Direct materials Rs. 12,000
 - Direct wages Rs. 16,000
 - Chargeable expenses Rs. 4,000
 - Factory overhead Rs. 8,000
 - Selling and distribution overhead Rs. 8,000
 - Administration overhead Rs. 12,000
- Selling price for the above job was Rs. 72,000. You are required to prepare a statement showing the profit earned for the year 2016 from the job and an estimated price of a job which is to be executed in the year 2017. Materials, wages and chargeable expenses will be required of Rs. 20,000, Rs. 28,000 and Rs. 8,000 respectively for the job. The various overheads to be recovered on the following basis while calculating the price :
- a) Factory overheads as a percentage on direct wages.
 - b) Administration and selling and distribution as percentage of factory cost.
11. a) In the process Z, 12,000 units of raw materials were introduced at a cost of Rs. 12,00,000/-. The other expenses incurred in the process was Rs. 7,20,000/- out of the units introduced 5% were lost in weight and the normal loss was 5% which were sold @Rs. 32. The output of the process Z was only 10,950 units.
- Prepare process Z account and calculate the value of abnormal gain.
- b) From the following, find out total cost and estimated selling price.
- Direct raw materials Rs. 35,200
 - Direct labour Rs. 16,000
- Work overheads are recovered on the basis of 50% of the prime cost and administrative overhead 10% of works cost. A profit of 10% on total cost is to be added.