**UN – 390**

**V Semester B.Com. Examination, November/December 2015**
**(Semester Scheme) (Repeaters) (Prior to 2014-15)**
**Paper – 5.1 : METHODS AND TECHNIQUES OF COST ACCOUNTING**
**(100 Marks – 2013-14 Only, 90 Marks – Prior to 2013-14)**



Time : 3 Hours Max. Marks : 90/100

***Instructions :*** *1) Answer should be **completely** written either in **English** or in **Kannada**.*
*2) Section **A, B, C** common to **all** students.*
*3) Section **D compulsory** for **2012-13** batch **100** marks paper **only**.*
*4) **100** marks – **2013-14 only, 90** marks – prior to **2013-14**.*

SECTION – A

Answer **any ten** of the following. **Each** question carries **2** marks. **(10×2=20)**

1. a) What is normal loss ?
   b) Write the meaning of process costing.
   c) What is meant by 'Cash Budget' ?
   d) Define operating costing.
   e) What is work in progress ?
   f) Give any two examples of standing charges in service costing.
   g) Mention four features of job costing.
   h) What is Composite Cost Unit ?
   i) What is labour cost variance ?
   j) Give the meaning of 'cost plus contract'.
   k) What do you mean by joint products ? Give an example.
   l) What is retention money ?

SECTION – B

Answer **any five** questions. **Each** carries **5** marks. **(5×5=25)**

2. Distinguish between job costing and contract costing.
3. Write the features of process costing.
4. The following costs were incurred on Job No. 415 :

   Materials ₹ 4,010

   Wages : Dept. A – 60 hours at ₹ 3 per hr.
   B – 40 hours at ₹ 2 per hr.
   C – 20 hours at ₹ 5 per hr.

P.T.O.

Variable overheads :

Dept. A ₹ 5,000 for 5000 labour hours

B ₹ 3,000 for 1500 labour hours

C ₹ 2,000 for 500 labour hours

Fixed overheads : Estimated at ₹ 20,000 for 10000 normal working hours.

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

5. From the following information relating to Process 'A' prepare Process Account and Abnormal Loss Account.

Materials introduced into the process :

10000 units at ₹ 1 each

| | |
|---|---|
| Labour cost | ₹ 15,000 |
| Overhead | ₹ 20,000 |
| Normal loss | 10% |
| Output | 8500 units |

6. The following is the information relating to a Contract Account :

| | ₹ |
|---|---|
| Contract price | 12,00,000 |
| Raw materials | 2,40,000 |
| Wages | 3,28,000 |
| Plant | 40,000 |
| Overheads | 17,200 |

As on 31-12-2013, cash received ₹ 4,80,000, being 80% of the work certified. The value of unused materials at site amounted to ₹ 20,000. Plant to be depreciated at 20%.

Prepare Contract Account.

7. Prepare a flexible budget for production 80% 800(units) on the basis of the following information :

Production at 60% capacity 600 units

| | |
|---|---|
| Materials | ₹ 120 per unit |
| Labour | ₹ 50 per unit |
| Expenses | ₹ 20 per unit |
| Factory expenses | ₹ 60,000 (40% fixed) |
| Administration expenses | ₹ 40,000 (60% fixed) |

8. From the following data calculate the amount of variable cost :

| | | |
|---|---|---|
| Break-even point | = | ₹ 30,000 |
| Profit | = | ₹ 1,500 |
| Fixed cost | = | ₹ 6,000 |

## SECTION – C

Answer **any three** questions. **Each** question carries **15** marks. **(3×15=45)**

9. From the following information, compute the cost per running a mile of a vehicle.

| | |
|---|---|
| Cost of vehicle | ₹ 75,000 |
| Estimated scrap value | ₹ 15,000 |
| Insurance charges | ₹ 750 p.a. |
| Road licence fee | ₹ 450 p.a. |
| Garage rent | ₹ 900 p.a. |
| Drivers salary per month | ₹ 400 |
| Repairs p.a. | ₹ 720 |
| Cost of petrol per litre | ₹ 14.00 |
| Miles per litre | 7 miles |
| Tyres cost per mile | 2.00 |
| Estimated annual mileage | 12000 miles |
| Estimated life of vehicle | 10 years |

Provide 10% interest on the cost of the vehicle.

10. P.K. Ltd. is engaged on two contracts 'A' and 'B'. The following particulars are obtained for the year ended 31st Dec. 2012 :

| **Particulars** | **Contract – A (₹)** | **Contract – B (₹)** |
|---|---|---|
| Date of commencement | 1st April | 1st Sept. |
| Contract price | 6,00,000 | 5,00,000 |
| Materials issued | 1,60,000 | 60,000 |
| Materials returned | 4,000 | 2,000 |
| Materials on site (31-12-2012) | 22,000 | 8,000 |
| Direct labour | 1,50,000 | 42,000 |
| Direct expenses | 66,000 | 35,000 |
| Establishment charges | 25,000 | 7,000 |
| Plant installed at site | 80,000 | 70,000 |
| Value of plant on 31-12-2012 | 65,000 | 64,000 |
| Cost of contract not certified | 23,000 | 10,000 |
| Value of contract certified | 4,20,000 | 1,35,000 |
| Cash received from contractees | 3,78,000 | 1,25,000 |
| Architect's fees | 2,000 | 1,000 |

During the period materials amounting to ₹ 9,000 have been transferred from Contract A to Contract B.

You are required to prepare Contracts Accounts and Contractees Accounts.

11. A product is obtained after it passes through three distinct processes. You are required to prepare Process Accounts, Abnormal Loss or Gain Accounts from the following information :

| Particulars | Process A | Process B | Process C |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Materials | 7,300 | 6,060 | 7,900 |
| Direct wages | 6,750 | 8,750 | 10,750 |
| Direct expenses | 940 | 840 | 750 |
| Manufacturing expenses | 3,375 | 4,375 | 5,375 |

2000 units at ₹ 10 per unit were introduced in Process A.

Other details are :

| Process | Output Units | Normal loss | Value of scrap per unit ₹ |
|---|---|---|---|
| A | 1880 | 5% | 5.00 |
| B | 1690 | 10% | 10.00 |
| C | 1530 | 10% | 15.00 |

12. The sales and profit for two years are as below :

| Year | Sales (₹) | Profits (₹) |
|---|---|---|
| 2008 | 1,50,000 | 20,000 |
| 2009 | 1,70,000 | 25,000 |

Calculate :

a) P/V ratio
b) B.E. point
c) Sales required to earn a profit of ₹ 40,000
d) Margin of safety at a profit of ₹ 1,25,000
e) Variable cost of the two years
f) Profit when sales are ₹ 1,80,000.

13. Prepare a flexible budget from the following data :

| | |
|---|---|
| Capacity | 50% |
| Volume | 10000 units |
| Selling price per unit | ₹ 200 |
| Material | ₹ 100 |
| Labour | ₹ 30 |
| Factory overheads | ₹ 30 (₹ 12 fixed) |
| Administration overhead | ₹ 20 (₹ 10 fixed) |

At 60% capacity material cost per unit increased by 2% and selling price per unit falls by 2%. At 80% capacity material cost per unit increases by 5% and selling price per unit falls by 5%. Estimate the profit at 60% and 80% capacity.

SECTION – D (**2013-14 Batch Only**)

Answer the following question **compulsorily** : **(1×10=10)**

14. Describe briefly any two methods of costing.