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III Semester B.Com. (A&F) Degree Examination, March/April - 2021

COMMERCE

Costing Methods

(CBCS - New Scheme)

Paper 3.4

Time : 3 Hours

Maximum Marks : 70

Instructions to Candidates:

Answer should be completely written in English only

SECTION - A

Answer any **five** sub-questions of the following. Each sub-question carries **02** marks.

(5×2=10)

1. a) What do you mean by Escalation Clause?
- b) What is meant by abnormal process loss?
- c) What is Unit costing?
- d) Give examples of Joint Products.
- e) Calculate EBQ from the following information. Demand for the product - 2000 units; Set up cost per batch - Rs 10; Carrying cost per unit - Re. 1
- f) Give two differences between Process Costing and Job Costing
- g) State the important ledgers maintained under non-integrated accounting system in the cost department.



SECTION - B

- II. Answer any **three** of the following. Each question carries **05** marks. (3×5=15)
2. A truck starts with a load of 10 tonnes of goods from station P. It unloads 4 tonnes at station Q and rest of the goods at station R. It reaches back directly to station P after getting re loaded with 8 tonnes of goods at station R. The distance between P and Q then Q to R and then from R to P, 40 kms, 60 kms and 80 kms respectively. Compute absolute kms and commercial tonne kms.
3. A manufacturer gives the detail of a product which is manufactured in 3 different process. Process I, Process II and Process III.

Particulars	Process I (Rs)	Process II (Rs)	Process III (Rs)
Direct Material	11,200	2,500	1,500
Direct Labour	1,240	1,720	3,760
Direct Expenses	1,600	400	-

P.T.O.



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Production overhead is Rs.10,080 which is shared in the ratio of Direct wages. 1,000 units were introduced at Rs. 25 per unit. Prepare process account and cost per unit in each stage of production assuming there is no process loss.

4. Following information relate to Contract No 200. Prepare Contract a/c.

Direct Material - Rs. 20,250

Material issued from stores- Rs. 10,500

Direct Wages- Rs. 15,500

Loose Tools- Rs. 2,400

Other direct charges- Rs. 2,650

Tractor Expenses:

For running of material - Rs. 2,300

Wages of driver - Rs. 3,000

The contract price was Rs.90,000 & the contract took 13 weeks for completion

The value of loose tools and stores returned were Rs. 200 and Rs. 3,000 respectively.

The value of plant returned was Rs. 16,000 after charging depreciation @ 20%.

The value of tractor was Rs. 20,000 and depreciation charge is 15% per annum.

Administrative and office expense is 10% on work cost.

5. Following information relate to a Job no.111

Material used - Rs. 1000

Direct wages:

X: 20 hours at the rate of Rs. 5 per hour

Y: 16 hours at the rate of Rs. 6 per hour

Z: 10 hours at the rate of Rs. 8 per hour

Variable overheads:

X: 8,000 Labour hours at Rs. 8,000

Y: 5,000 Labour hours at Rs. 10,000

Z: 2,000 Labour hours at Rs. 8,000

You are required to calculate the total cost of the Job No. 111 and also calculate the price to give a profit of 25%.





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SECTION - C

III. Answer any **three** of the following. Each question carries **15** marks. (3×15=45)

6. A product passes through 3 process A,B & C. The details are as follows

Particulars	A	B	C
Raw materials issued in units	10,000	-	-
Cost of Raw material per unit in Rupees	20	-	-
Standard Loss (normal loss) (% of input)	10%	5%	2%
Scrap value per unit in Rs.	7	10	5
Sundry material in Rs.	24,000	20,000	18,000
Labour cost in Rs.	1,20,000	1,10,000	1,00,000
Expenses in Rs.	8000	9400	10000
Output sold (% of output)	20%	30%	100%
Sale value of output per unit	Rs.50	Rs.65	Rs.100



Indirect expenses Rs. 66,000 shared in the ratio of labour cost. Prepare process a/c. Calculate cost per unit in each process & Profit and Loss on sale of output

7. Mr. Suresh undertook a contract of Rs. 75,00,000 on an agreement that 80% of the work - certified should be paid immediately. The other information is as follows:

2018: Material - Rs. 9,00,000; Wages - Rs. 8,50,000; Carriage - Rs. 30,000; Cartage - Rs. 5,000; Sundry Expenses - Rs. 15,000; Work-certified - Rs. 18,75,000

2019: Material - Rs. 11,00,000; Wages - Rs. 11,50,000; Carriage - Rs. 1,15,000; Cartage - Rs. 10,000; Sundry Expenses - Rs. 20,000; 3/4 of the contract was certified. The value of work not certified - Rs. 1,00,000

2020: Material - Rs. 6,30,000; Wages - Rs. 9,50,000; Cartage - Rs. 30,000; Sundry Expenses - Rs. 15,000; work certified - Rs. 75,00,000

Prepare Contract a/c for the 3 years.

8. a) Mr. Shivaprakash owns a bus which runs between Delhi to Chandigarh and back in 10 days a month and distance covered in 240 kilometres. The bus completes the trip from Delhi to Chandigarh and back on the same day.
- b) The bus goes other 10 days in a month to Agra and the distance covered is 200 kilometres. The trip is also completed on the same day, for rest 4 days it runs within the city. Daily distance covered is 60 kilometres.

P.T.O.



Calculate the rate of person charged on passenger when he has earned a profit $33\frac{1}{3}\%$ on his taking. The other particulars are:

Cost of bus - Rs. 2,00,000

Depreciation - 20% per annum

Salary of drivers - Rs. 1,600 per month

Salary of Conductor - Rs. 1,500 per month

Salary of part-time accountant - Rs. 400 per month

Diesel consumption 6 kilometre per litre costing Rs. 4 per litre

Insurance - Rs. 2,000 per annum

Token tax - Rs. 600 per annum

Repairs - Rs. 1,000 per month

Normal capacity - 50 passengers

The bus is generally occupying 90% of its capacity when it goes to Chandigarh. 80% when it goes to Agra. It is always full when it runs within the city.

9. From the following details show the necessary accounts in Cost Ledger.

Particulars	Materials (Rs)	Work-in- progress (Rs)	Finished Stock (Rs)
Opening Balance	16,000	10,000	20,000
Closing Balance	22,000	18,000	24,000
Transactions during the period:			
Material purchased - Rs. 50,000			
Wages paid (including Rs. 4,000 indirect) - Rs.20,000			
Overheads incurred - Rs. 16,000			
Overheads absorbed - Rs. 18,000			
Sales - Rs. 1,00,000			

