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V Semester B.Com. Degree Examination, March/April - 2022

COMMERCE (COSTING METHOD)

Methods &amp; Techniques of Cost Accounting

(CBCS Scheme Regular/Fresher)

Paper : AC 5.4



Time : 3 Hours

Maximum Marks : 70

*Instructions to Candidates:*

Answer the questions in English.

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

1.
  - a) What is batch costing?
  - b) Give any four examples of industries where job costing is applicable.
  - c) Define process costing.
  - d) What is meant by work certified?
  - e) What is retention money?
  - f) State the industries in which operating costing is applied.
  - g) What are cost drivers?

**SECTION - B**Answer any **THREE** questions. Each question carries 5 marks.

(3×5=15)

2. Prepare a cost sheet from the following data.

Rawmaterials consumed Rs. 15,000

Direct labour Rs. 9,000

Machine hours worked Rs. 900

[P.T.O.]



Machine hour rate Rs. 5/-

Administrative overhead 20% on works cost

Selling overheads Rs. 0.50 per unit sold

Units produced 20,000

Units sold 18,000 at Rs. 4 per unit.

3. A company manufactured a product, 4,000 kgs of rawmaterials at Rs. 16 per kg were supplied to process I. Labour cost amounted to Rs. 8,000 and production overhead incurred was Rs. 4000. The normal loss was estimated 10% and it was sold for Rs. 4 per kg. Actual production (out put) in the process was 3520 kgs.

Prepare process I account and the value of abnormal loss.

4. The following particulars relate to a contract work carried out during the year ended 31 Dec 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 the plant at the end	8,200
Cost of work not yet certified	3,400
Establishment charges	3,250
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 Dec. 2021.

5. State the objectives of Activity Based Costing.

### SECTION - C

Answer any **THREE** of the following questions. Each carries 15 marks. (3×15=45)

6. From the following particulars of three jobs of a manufacturing company, ascertain the total cost of each job and selling price of each job. Assuming that profit mark up 25% on selling price.



Particulars		Job-A	Job-B	Job-C
Materials	Rs.	1600	2000	2400
Wages	Rs.	800	1000	1200
Direct expenses	Rs.	160	200	240

Works overheads is 50% of prime cost and office overhead is 20% on works cost.

7. A product passes through 3 process 'X' 'Y' and Z. Normal wastage of each process is as follows.

Process 'X'=5%, Process 'Y'=10% and process Z=15%. Wastage of process X was sold at Rs. 2 per unit, that of process Y at Rs. 4 and that process 'Z' at Rs. 5 per Unit. 1,000 units at Rs. 3 per unit were introduced in process 'X'. The output of each process passes direct to next process and finally finished stock. The production overheads are recovered at 100% of direct wages. The other expenses were as follows.

Particulars	Total	Process-X	Process-Y	Process-Z
Direct materials	7542	2600	1980	2962
Wages	9000	2000	3000	4000
Production overhead	9000	-	-	-

Prepare process accounts.

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

	2020 Rs.	2021 Rs.
Materials	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 of 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 of the end of 2020 and 2021 was Rs. 7,000 and Rs. 5,000 respectively.

**Prepare:-**

- Contract Account.
- Contractee account for two years.





9. Following expenses were incurred by a transport company on two Lorries for 25 days.

Particulars	Lorry 'X'	Lorry 'Y'
Driver's wages	8,400	8,500
Cleaner's wages	5,600	6,200
Diesel	30,000	45,000
Oil	3,500	5,000
Depreciation	14,400	12,200
Repairs	5,600	5,600
Supervision	3,200	3,200
Garage rent	5,600	4,200
Road Tax	3,600	3,600
Other overhead expenses	2,800	3,200

Lorry 'X' carried 100 tons of Raw materials covered a distance of 3,000 K.M. in 25 days and Lorry 'Y' 120 tons at Rawmaterials and covered or distance of 4,500 K.M. in 25 days.

Find out the cost per K.M. and cost per ton Kilometers by preparing an operating cost sheet of two Lorries.

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