CB – 411

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VI Semester B.B.A. Examination, August/September 2023
(CBCS) (2022 – 23 and Onwards) (Freshers)
BUSINESS ADMINISTRATION
Paper – 6.5 : A & FN3 : Costing Methods and Techniques

Time : 3 Hours Max. Marks : 70

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

SECTION – A

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

1. a) What is target costing ?
   b) Name any 4 businesses where job costing is used.
   c) What is retention money ?
   d) What is normal and abnormal process loss ?
   e) Give any two advantages of Activity Based Costing.
   f) What is a daily log sheet ?
   g) What is Just In Time Concept ?

SECTION – B

Answer **any three** questions. **Each** question carries **5** marks. **(3×5=15)**

2. Explain any 5 methods of costing.
3. Fifty units were introduced to Process A at a cost of ₹ 1 each. Other expenditure is ₹ 30. Normal loss is 10% and it possess a scrap value of ₹ 0.25 each. Actual output is 47 units. Prepare (a) Process Account (b) Abnormal Gain Account.
4. How much of profit, if any, you would consider in the following case ?
   Contract price ₹ 20,00,000
   Cost incurred ₹ 11,20,000
   Cash received ₹ 10,80,000
   Work not certified ₹ 1,20,000
   Deduction from bills as security deposit 10%.

P.T.O.

5. Calculate : (a) Total kilometres and (b) Total Passenger Kilometres.

Number of buses	4
Days operated in a month	30
Trips made by each bus	2
Distance of route	100 km (one side)
Capacity of each bus	40 passengers
Average passengers travelling	75% of capacity.

6. Prepare cost sheet for Job No. : 86 and find the value of the job.

Materials ₹ 5,000

Production wages ₹ 4,600

Direct expenses ₹ 1,500

Provide 60% on productive wages for works cost and 12½% on works cost for office expenses. Profit is 20% on selling price.

SECTION – C

Answer **any three** of the following questions. **Each** question carries **12** marks. **(3×12=36)**

7. The following expenses were incurred for Job : 306 during year ending 31st March 2020.

Direct materials	₹ 3,000
Direct wages	₹ 4,000
Chargeable expenses	₹ 1,000
Factory overheads	₹ 2,000
Selling and distribution expense	₹ 2,000
Administration overheads	₹ 3,000
Selling price for the above job was	₹ 18,000

Prepare job cost sheet to show profit earned for the year 2020.

Also prepare an estimated price for the job to be executed in the year 2021. Materials, wages and chargeable expenses will be required of ₹ 5,000, ₹ 7,000 and ₹ 2,000 respectively for the job. Factory overheads are recovered as a percentage of direct wages. Administration and selling and distribution expenses recovered as a percentage of factory cost.

Profit for 2021 will be the same rate as 2020.

8. A firm of contractors undertook 3 contracts on 1st April 2020, 1st October 2020 and 1st January 2021. On 31st March 2021, the positions were as follows.

Particulars	**I**	**II**	**III**
	₹	₹	₹
Contract price	4,00,000	1,35,000	1,50,000
Materials	72,000	29,000	10,000
Wages	1,10,000	56,200	7,000

General expenses	4,000	1,400	500
Plant	20,000	8,000	6,000
Material on hand	4,000	2,000	1,000
Wages outstanding	3,400	1,800	800
Work certified	2,00,000	80,000	18,000
Cash received	1,50,000	60,000	13,500
Work uncertified	6,000	4,000	1,050
O/s general expenses	600	200	100

The plants were installed on the respective dates of the contract and depreciation is taken at 10% per annum. Prepare Contract Accounts.

9. Product B is obtained after it passes through three distinct processes. The following information is obtained from the accounts for the week ending 31st April 2018.

Particulars	**Total**	**Process**		
	₹	I	II	III
		₹	₹	₹
Direct materials	7,542	2,600	1,980	2,962
Direct wages	9,000	2,000	3,000	4,000
Production overhead	9,000	–	–	–

100 units at ₹ 3 each were introduced to Process I. There was no stock of material or work in progress at the beginning or at the end of the period. The output of each process passes direct to the next process and finally to finished stock. Production overhead is recovered on 100% of direct wages. The following data are obtained :

Process	**Output during the week**	**Normal loss percentage**	**Value of scrap per unit**
Process I	950	5%	2
Process II	840	10%	4
Process III	750	15%	5

Prepare Process Accounts.

10. From the following data relating to two different vehicles A and B, compute the cost per running mile.

Particulars	**Vehicle A**	**Vehicle B**
Mileage run (annual)	15,000	6,000
Cost of vehicle	₹ 25,000	₹ 15,000
Road licence (annual)	₹ 750	₹ 750

Insurance (annual)	₹ 700	₹ 400
Garage rent (annual)	₹ 600	₹ 500
Supervision and salaries (annual)	₹ 1,200	₹ 1,200
Driver wages per hour	₹ 3	₹ 3
Cost of fuel per gallon	₹ 3	₹ 3
Miles run per gallon	20 miles	15 miles
Repairs and maintenance per mile	₹ 1.65	₹ 2.00
Estimated life of vehicles	1,00,000 miles	75,000 miles
Tyre allocation per mile	₹ 0.80	₹ 0.60

Charge interest at 5% per annum on cost of vehicles. The vehicles run 20 miles per hour on an average.

11. The budgeted O/H and cost driver volumes of ABC Ltd. are as follows :

Cost Pool	**Budgeted Overhead**	**Cost Driver**	**Budgeted Volume**
Material procurement	₹ 4,05,000	No. of orders	900
Machine set up	₹ 3,59,100	No. of set ups	450
Maintenance	₹ 2,40,000	Maintenance hours	3,000
Quality control	₹ 1,40,000	No. of inspections	700
Machinery	₹ 4,80,000	No. of machine hours	24,000

The company has produced a batch of 2500 components of AZ – 4, its material cost was ₹ 1,10,000 and labour cost ₹ 1,90,000. The usage of activities of this batch are as follows :

Material orders 21, set up of machine 19, Maintenance hours 510, No. of inspections 26, Machine hours 1300. Calculate cost driver rates that are used for computing appropriate amount of overhead to this batch and ascertain the cost of the batch of the component using activity based costing.

SECTION – D

Answer the following : **(1×9=9)**

12. a) Prepare job cost sheet pertaining to a printing press.

OR

b) List 10 different industries and the method of costing adopted in each industry.