NS – 451

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V Semester B.Com. Examination, November/December 2016
(Semester Scheme) (Repeaters) (2014 – 15 & Onwards)
COMMERCE
5.4 : Cost Management

Time : 3 Hours Max. Marks : 100

Instruction : *Answer should be written only either in* ***English*** *or in* ***Kannada.***

SECTION – A

1. Answer **any ten** sub-questions of the following. **Each** sub-question carries **two** marks. **(10×2=20)**

   a) What is batch costing ?

   b) What are the two advantages of job costing ?

   c) State any two features of target costing.

   d) Give the meaning of sub-contract.

   e) Give two features of job costing.

   f) What is process costing ?

   g) What is retention money ?

   h) What is transfer price ?

   i) Define operating costing.

   j) Give two examples of standing charges in services costing.

   k) What do you mean by composite cost ?

   l) Give the meaning of activity based costing.

SECTION – B

Answer **any four** questions. **Each** question carries **eight** marks. **(4×8=32)**

2. The following information is extracted from the books of Ball Ltd. concerning of Job No: XYZ. Materials used Rs. 800, Direct labour : Dept. – A 12 hours @ Rs. 3.00 per hour, Dept. – B 10 hours @ Rs. 5 per hour, Dept. – C 7 hours @ Rs. 5 per hour.

The estimated variable overheads from these departments are as follows :

Dept. A – Rs. 5,000 for 5000 labour hours

Dept. B – Rs. 1,000 for 500 labour hours

Dept. C – Rs. 500 for 100 labour hours

The estimated fixed overheads are Rs. 25,000 for 5000 working hours.

Draw up a job cost sheet for profit @ 25% on cost price.

3. Explain the objectives of transport costing.

4. Following is the information of X Contract Account.

Contract price	Rs. 6,00,000
Raw materials	Rs. 1,20,000
Wages	Rs. 1,64,000
Plant	Rs. 40,000
Overheads	Rs. 8,600

As on 31st March, 2016, cash received Rs. 2,40,000 being 80% of the work certified. The value of unused materials at site amounted to Rs. 10,000. Depreciate plant by 10%. Prepare Contract Account.

5. A transport company is running a fleet of 6 buses between 2 towns 50 kms apart. Seating capacity of each bus is 40 passengers. The followings particulars are available for the month of January 2014.

	Rs.
Wages of driver, conductor and cleaner	3,600
Salaries of office and other staff	1,500
Diesel and other oils	10,320
Repairs and maintenance	1,200
Taxation, insurance etc.	2,400
Depreciation	3,900
Interest on capital	3,000

Actual passenger carried were 80% of the seating capacity. The bus ran 30 days in a month. Each bus made one round trip per day. Find out the cost per passenger kilometre.

6. Briefly explain the limitations of Activity Based Costing (ABC).

SECTION – C

Answer **any three** questions. **Each** question carries **sixteen** marks. **(3×16=48)**

7. A product passes through three distinct departments, the following information is available from the costing records as on 31-3-2013.

Particulars	**Process**		
	I	**II**	**III**
Materials (Rs.)	2,600	2,000	1,025
Labour (Rs.)	2,250	3,680	1,400
Output (units)	450	340	270
Normal loss (%)	10	20	25
Scrap value (Rs.)	2	4	5

600 units at Rs. 3 each were introduced in process I. Production overheads are absorbed on as a percentage of labour.

Prepare the Process Accounts and Abnormal Loss or Gain Accounts.

8. Sharma Transport Supplies the following details in respect of a truck of 5 ton capacity.

Cost of the truck Rs. 8,00,000

Estimated life 10 years

Diesel, oil, grease Rs. 150 per trip each way

Repairs and maintenance Rs. 4,000 p.m.

Drivers wages Rs. 4,000 p.m.

Cleaners wages Rs. 2,500 p.m.

Insurance Rs. 38,000 p.a.

Road tax Rs. 34,000 p.a.

General supervision charges Rs. 38,000 p.a. The truck carries goods to and from the city covering a distance of 40 kms, each way. While going to the city, freight is available to the extent of full capacity and while returning only 20% of the capacity. Assuming the truck runs on an averages 25 days in a month, work out.

a) Operating cost per ton km

b) Rate per ton per trip that should be charged to earn a profit of 30% on freight.

9. Rakhi Ltd., is engaged on two contracts 'X' and 'Y'. The following particulars are obtained for the year ended 31st Dec. 2015.

Particulars	Contract – X	Contract – Y
Date of commencement	1st June	1st Oct.
	₹	₹
Contract price	6,00,000	5,00,000
Materials issued	1,60,000	60,000
Materials returned	4,000	2,000
Materials on site (31-12-2015)	22,000	8,000
Direct labour	1,50,000	42,000
Establishment charges	25,000	7,000
Direct expenses	66,000	35,000
Plant installed at site	80,000	70,000
Value of plant on 31-12-2015	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 contract	3,78,000	1,25,000
Architect's fees	2,000	1,000

During the period materials amounting to Rs. 19,000 have been transferred from Contract X to Contract Y.

You are required to prepare Contracts Accounts and Contractees Accounts.

10. The budgeted overhead and cost driver volumes of Xylo Ltd. are as follows :

Cost pool	Budgeted overhead	Cost driver	Budgeted volume
	₹		
Material procurement	4,05,000	No. of orders	900
Machine set-up	3,59,000	No. of set-ups	450
Maintenance	2,40,000	Maintenance hrs.	3000
Quality control	1,40,000	No. of inspection	700
Machinery	4,80,000	No. of machine hrs	24000

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

Material order 21, set-ups 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 components using activity based costings.