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BCMCMC 334

**Choice Based Credit System V Semester B.Com. Degree
Examination, February/March 2023
(CBCS Scheme) (2021 – 22 Batch Onwards)**

COMMERCE

Cost and Management Accounting – III (Group – I) (Core Course)

Max. Marks : 120

Time : 3 Hours

Instruction : Provide working notes wherever necessary.

SECTION – A

(4×6=24)

Answer any four of the following :

1. Write a note on normal loss and abnormal loss in Process Costing.

2. What is retention money contract with escalation clause ?

3. From the following information, calculate total passenger kilometres :

Number of buses – 5

Days operated in a month – 30

Trips made by each bus – 4 (round)

Distance of route – 30 km (one side)

Capacity of bus – 50 passengers

Normal passenger travelling – 90% of capacity.

4. Distinguish between joint products and by-products.



5. Compute economic batch quantity for a company using batch costing with the following information :

Annual demand – 5000 units

Setting up cost – ₹ 500

Cost of manufacture per unit – ₹ 600

Rate of interest per annum – 10%.

6. The output from Process 'A' is 2500 units. 200 units abnormal loss and normal loss 10%. Material ₹ 10 per unit, wage ₹ 30,000, overheads ₹ 10,000, scrap value ₹ 5 per unit. Prepare Process 'A' A/c.

SECTION – B

Answer **any four** of the following :

(4×12=48)

7. What is inter process profit ? Bring out advantages and limitations of inter process profit.

8. Information given below has been taken from the record of an engineering works in respect of the job 404.

Material = ₹ 10,000

Wages – Department A 100 hours @ ₹ 500 per hour

– Department B 60 hours @ ₹ 450 per hour

– Department C 50 hours @ ₹ 700 per hour

The work overheads are as follows :

Variables – Department A ₹ 40,000 for 1000 hours

– Department B ₹ 40,000 for 800 hours

– Department C ₹ 9,000 for 300 hours

Fixed expenses : ₹ 1,00,000 for 1000 working hours.

Calculate the cost of job No. 404 and the price for the job to earn a profit of 25% on the selling price.

9. Component B1 is made in Machine Shop No. 25. Material cost ₹ 400 per component and each component takes 12 minutes to produce and machine operator is paid ₹ 100 per hour. Machine hour rate is ₹ 400 per hour. In setting up of the machine to produce the component operator takes 6 hours.

You are required to prepare Batch Cost Sheet showing setting cost, production cost, total cost and cost per unit when a batch consist of 100 components and 150 components.

10. Sureen Pvt. Ltd. process a chemical used in textile bleaching. The chemical is produced in three process i.e., AX, AY and AZ. During the month of March 2022, 1000 tons of material were issued to process AX consisting of ₹ 20 per ton. The other details are as follows :

	AX	AY	AZ
Sundry material (₹)	10,000	10,000	5,000
Wages (₹)	50,000	30,000	65,000
Other expenses (₹)	10,000	11,000	20,000
Normal wastage	3%	6%	10%
Sale of scrap per ton (₹)	5	7	10
Output (units)	950	910	810

Prepare Process Accounts.



11. Manohar Engineering Co. Ltd. undertakes large contracts. On 31 December 2022, when annual accounts are prepared, the position of a bridge contract, which was commenced on 1 April 2022 was as follows :

	₹		₹
Materials	6,50,000	Material on hand	24,000
Wages	6,00,000	Plant sent to site	1,00,000
Wages accrued	10,000		

The value of work certified was ₹ 14,40,000 of which ₹ 10,80,000 had been received. Work finished but uncertified was ₹ 40,000. Plant worth ₹ 2,000 and material worth ₹ 3,000 were destroyed by fire. Plant cost ₹ 2,000 was returned to stores on 31 December 2022.

Charge 10% p.a. depreciation on Plant. The contract price was ₹ 24,00,000. Prepare Contract Account and show entries in the Balance Sheet.

12. Javeen Associates Ltd. manufactures a certain product 'A' which yields by-products 'B' and 'C'. The joint expenses of the manufacture are – materials ₹ 10,200, labour ₹ 11,400 and on cost ₹ 8,400 while subsequent expenses were :

	A (₹)	B (₹)	C (₹)
Materials	2,300	1,000	1,200
Labour	1,900	1,600	1,800
On cost	1,500	900	1,050
Selling price	30,000	20,000	15,000
Estimated profit on turnover	40%	30%	25%

Show how would you apportion joint expenses of manufacture and each element of joint expense.

SECTION – C

Answer any two of the following :

(2×24=48)

13. The following details are extracted from the costing records of an Oil Mill for the month of March 2022. Purchase of 500 tons of copra costing ₹ 2,00,000.

	Crushing	Refining	Finishing
	(₹)	(₹)	(₹)
Labour	2,500	1,000	1,500
Power	600	360	240
Other materials	100	200	-
Repairs	280	330	140
Steam	600	450	450
Other expenses	1,320	660	220
Cost of drums	-	-	7,500
Sacks sold	400	-	-
Production (Tons)	300	250	248

175 tons of copra residue sold for ₹ 11,000. Loss in weight in crushing process 25 tons. 45 tons of by-product got in refining process valued at ₹ 6,750. Prepare the Process Accounts.

14. Dhriti Tourist runs a bus between Kundapura and Mangaluru via Udupi. The distance between Kundapura and Udupi is 36 km and between Udupi and Mangaluru is 55 km.

During the onwards journey, the bus is full of its capacity upto Udupi but only 80% full between Udupi and Mangaluru. On return journey, it is full of its capacity from Mangaluru to Udupi but 75% of the capacity between Udupi and Kundapura.

The following information is provided :

Cost of the bus	₹ 30,00,000	Estimated scrap value	₹ 20,000
Estimated life	10 years	Annual road tax	₹ 60,000
Insurance charges per year	₹ 72,000	Garage rent per year	₹ 84,000



Driver's salary per month	₹ 15,000	Conductor's salary	
Cleaner's salary per month	₹ 3,000	per month	₹ 8,000
Kilometres run per litre of		Cost of petrol per litre	₹ 100
Petrol	10 Km	Proportionate charge for	
		tyre per Km	₹ 10

Capacity of the bus is 50 passengers and the bus makes a round trip from Kundapura to Mangaluru per day on an average 25 days in a month.

You are required to compute :

- i) The cost per passenger-km of operating the bus and
- ii) Assuming 10% profit on takings, work out the bus fare to be charged between Kundapura and Udupi and Udupi and Mangaluru for each passenger.

15. A contractor secured a contract to supply and erect machinery for the sum of ₹ 7,50,000. He was to receive payments on account from time to time equal to 90% of work certified. He commenced work on 1st January 2022 and incurred the following expenditure during 2022.

	₹
Plant and tools	70,000
Material	2,00,000
Wages	1,50,000
Sundry expenses	30,000
Establishment charges	40,000

A part of machinery costing ₹ 20,000 was unsuited to the contract and was sold immediately at profit of ₹ 5,000. The value of Plant and Tools on 31-12-2022 was ₹ 40,000 and the value of material in hand ₹ 30,000. Cash received was ₹ 4,38,750 representing 90% of work certified. In order to calculate the profit made to the contract up to 31-12-2022 the contractor estimated the further expenditure that would be incurred for completing the contract and took to the credit of Profit and Loss Account for the year that proportion of estimated profit to be realised to the contract which the certified value of work done bore to contract price. He estimated :

- i) That the contract would be completed in a further period of 6 months.
- ii) That plant and tools would have a residual value of ₹ 10,000 upon the completion of the contract.
- iii) That the cost of material required in addition to those in stock on 31-12-2022 would be ₹ 1,00,000 and that sundry expenses ₹ 20,000 would be incurred.
- iv) Wages for the 6 months would be ₹ 80,000.
- v) Establishment charges would cost the same per month as in the previous year.

Prepare Contract A/c for the year ended 31-12-2022 and show your calculation of profit to be credited to Profit and Loss A/c for the year.

16. Explain briefly the non-cost methods and cost methods of accounting for by-products.
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