Reg. No. M20 12444

IV Semester B.Com. (Honours) Degree Examination, September/October - 2022

COMMERCE

Costing - II

(CBCS Scheme 2019-20 Repeaters+Regulars)

Time : 3 Hours **Maximum Marks : 70**

Instructions to Candidates:

Students should completely in English only.

SECTION - A

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

1. a. What is production order?
   b. What do you mean by cost plus contract?
   c. What is transport cost?
   d. What is process costing? Mention two industries where it is applied?
   e. What is abnormal process loss?
   f. What is JIT inventory management?
   g. What is cost control?

SECTION - B

Answer any **Three** of the following. Each question carries five marks. (3×5=15)

2. What is Target costing? Explain the nature of target costing in detail?

3. The following expenditure was incurred on a contract of Rs. 12,00,000 for the year ending 31-12-2020

	Amount
Materials	2,40,000
Wages	3,28,000
Plant	40,000
Overheads	17,200

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Cash received on account of the contract to 31st Dec. 2020 was Rs. 4,80,000, being 80% of the work certified. The value of materials in hand was Rs. 20,000. The plant had undergone 20% depreciation prepare contract Account.

4. The followng information is given in respect of process A.

Materials	1000 kg @ Rs. 6 per kg
Labour	Rs. 5000
Direct expenses	Rs. 1000

Indirect expenses allocated to process A Rs. 1,000. Normal wastage 10% of input. Prepare process A Account when scrap value of normal loss is nil.

5. From the following information calculate

i. Total kilometres.

ii. Total passengers kilometres.

No. 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.

SECTION - C

Answer any **Three** questions of the following each question carries **15** marks. **(3×15=45)**

6. Venus contractors have taken the following two contracts on 1st January 2021.

	Conctract A (Rs.)	Contract B (Rs.)
Material sent to site	85,349	73,267
Labour engaged on sites	74,375	68,523
Plants installed at sites at cost	15,000	12,500
Direct expenditure	3,167	2,859
Establishment charges	4,126	3,852
Materials returned to store	549	632
Work Certified	1,95,000	1,45,000
Cost of work not Certified	4,500	3,000

Materials in hand 31st Dec. 2021	1,883	1,736
Wages accrued 31st Dec 2021	2,400	2,100
Direct expenditure accrued 31st Dec 2021	240	180
Value of plant 31st Dec 2021	11,000	9,500

The contract price have been agreed at Rs. 2,50,000 for Contract A and 2,00,000 for Contract B. Cash has been received from the contractees as follows : Contract A Rs. 1,80,000 and Contract B Rs. 1,40,000 Prepare contract accounts, contractees Accounts and show how the work in program shall appear in the balance sheet of the contractor.

7. A product passes through three processes of completion. During quarter ending 31st March 2020.

Process	Total	A (Rs.)	B (Rs.)	C (Rs.)
Direct Material	84,820	20,000	30,200	34,620
Direct labour	1,20,000	30,000	40,000	50,000
Direct expenses	7,260	5,000	2,260	-
Production overhead	60,000	-	-	-
Normal loss in input	-	10%	5%	10%
Sale of scrap per unit	-	Rs. 30	Rs. 50	Rs. 60
Production in units	-	920	870	800

1000 units of Rs. 50 per unit were introduced to process A. There were no stock of materials or work - in - progress in any process departments at the beginning or end of the period.

Production overhead is allocated to each process on the basis of 50% of direct labour costs. Prepare process accounts.

8. From the following data of two different vehicles A and B, Compute the cost per running mile:

Particulars	Vechicle A	Vechicle B
Mileage run (annual)	15000	6,000
Cost of vehicle	Rs.25,000	Rs. 15,000
Road licence (annual)	Rs. 750	Rs. 750
Insurance (annual)	Rs. 700	Rs. 400
Garage rent (annual)	Rs. 600	Rs. 500
Supervision and salaries	Rs. 12000	Rs. 1200
Drivers wages per hour	Rs. 3	Rs. 3
Cost of fuel per gallon	Rs. 3	Rs.3
Miles per gallon run	20 miles	15 miles

Repairs and maintenance per mile	Rs. 1.65	Rs. 2.00
Tyre allocation permile	Rs. 0.80	Rs. 0.60
Estimated life of vehicles	1,00,000 miles	75000 miles

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

9. A company, manufacturing two products, furnishes the following data for a year.

Products	Annual output (units)	Total machine hours	Total Numbers of purchases orders	Total Numbers of setups
A	5,000	20,000	160	20
B	60,000	1,20,000	384	44

The annual overhead are as follows :

Volume related activity cost	5,50,000
Setup related cost	8,20,000
Purchase related cost	6,18,000

You are required to calculate the cost per unit of each product A and B bases on :

i. Traditional method of charging overheads.

ii. Activity based costing method.