

ST. JOSEPH'S EVENING COLLEGE (AUTONOMOUS)

VI SEMESTER B.COM EXAMINATIONS - APRIL 2019

COST MANAGEMENT

Duration: 2.5 Hours

Max. Marks: 70

SECTION - A

I) Answer any EIGHT of the following questions. (8x2=16)

1. Write two features of job costing.
2. What is cost plus contract?
3. What is abnormal gain?
4. Mention two merits of process costing.
5. Write two objective of operating cost.
6. State two areas where contract costing is used.
7. Write two benefits of JIT in manufacturing system.
8. What is contract costing?
9. What are the uses of activity based costing?
10. Mention 4 examples of industries where job costing is used.
11. What is retention money in contract costing?
12. What is daily log sheet?

SECTION - B

II) Answer any THREE of the following questions. (3x8=24)

13. State the advantages and disadvantages of job costing.
14. The information given below relates to a construction company

Materials sent to site	43000
Labour engaged to site	38500
Direct expenses	4000
Materials returned to stores	300
Work certified	95000
Work uncertified	3850
Materials in hand	1000
Wages accrued	150
Cash received	80750
Establishment charges	2000
Contract price	125000

Prepare contract account.

15. ABC Ltd manufactures two products A and B using the same equipment and similar processes. The following information is extracted from the production department pertaining to the two product for its quarter ending 31-03-2015

Particular	A	B
Quantity produced (units)	2500	7500
Material cost per unit	25	30
Direct labour hours per unit	20	28
No. of set up in the period	30	12
No. of orders handled in the period	50	150

Total production over heads recovered for the period has been analysed as follows.

Particular	
Relating to production activity	500000
Relating to production run set ups	52500
Relating to handling of orders	100000
Total	652500

You are required to calculate the production overheads to be absorbed by each unit of products using activity based costing.

16. The information given below has been taken the cost records of factory in respect of job No.300

Direct materials Rs.10000

Wages: Department A : 20 Hours @ Rs.5 per Hour

Department B : 40 Hours @ Rs.2 per Hour

Department C : 60 Hours @ Rs.3 per Hour

The variable overheads are as follows

Department A : 2000 for 500 Hours

Department B : 3000 for 1500 Hours

Department C : 5000 for 5000 Hours

Fixed expenses were estimated at Rs.20000 for 10000 working hours. Calculate the cost of job No.300 and the price for the job to give a profit on the selling price.

17. From the following information calculate the cost per km of a vehicle.

Value of the vehicle	Rs.	300000
Road license p.a	Rs.	10000
Drivers wages p.m	Rs.	4000
Garage rent p.a	Rs.	12000
Insurance p.a	Rs.	2000
Cost of petrol per litre [kms per litre 10]	Rs.	60
Proportionate charges of tyres per km	Rs.	55

Estimated life 150000 kms, estimated annual kms 6000.

SECTION - C

III) Answer any TWO of the following questions.

(2x15=30)

18. The accounts of J.K enterprises Ltd disclose the following information for the six months ending 31-03-2016

Materials used	Rs.	150000
Productive wages	Rs.	120000
Factory overhead expenses	Rs.	24000
Establishment and general expenses	Rs.	17640

Prepare a cost sheet of the machines and calculate the price which the company should quote for the manufacture of a machine requiring materials valued at Rs.1250 and expenditure on productive wages of Rs.750, so that the price may yield a profit of 20% on the selling price.

19. AB Ltd was engaged on a contract during the year 2015. The contract price was Rs.200000. the trail balance extracted from the books on 31-03-2015 stood as follows.

Particular	Debit(Rs)	Credit(Rs.)
Share Capital		40000
Creditors		4000
Buildings	17500	
Cash at Bank	4500	
Contract Account		
Materials	37500	
Plant	10000	
Wages	52500	
Cash received from contractor[80% of work certified]		80000
Expenses	2000	
Total	124000	124000

of the plant and materials charged to contract, plant costing Rs.1500 and materials costing Rs.1200 were destroyed by fire on 31st March 2015. Plant costing Rs.2000 was returned to stores and materials at site was valued at Rs.1500. cost of uncertified work was Rs.1000 charges 10% depreciation on plant. Prepare contract account for the year 2015 and the balance sheet as on 31st March 2015.

20. A product passes through three processes. The normal wastage of each process is as follows.

Process A = 3%

Process B = 5%

Process C = 8%

Wastage of process A was sold at Rs.2.50 per unit that of B at Rs.5 per unit and that of C at Rs.10 per unit 1000 units were introduced to process A at Rs.10 per unit. The other expenses were as follows.

Particular	A	B	C
Sundry materials	10000	15000	5000
Direct labour	50000	80000	65000

Direct Expenses	10500	11888	20000
Actual output [in units]	9500	9100	8100

Prepare process accounts.

21. A Person owns a bus which runs between Delhi and Chandigarh and back for 10 days in a month. The distance from Delhi to Chandigarh is 240 kms. The bus completes the trip from Delhi to Chandigarh and back on the same day. The bus goes for another 10 days in a month to agra and the distance covered being 200 kms. The trip is also completed on the same day. For the rest 4 days it runs in the local city. Daily distance covered in the local city is 60 kms. Calculate the rate, the person should charge from the passenger when he wants to earn a profit of $33 \frac{1}{3}\%$. The other particular are given below.

Cost of bus	Rs.200000
Depreciation	20% p.a
Salary of driver	1600 p.m
Salary of conductor	1500 p.m
Salary of part time accountant	Rs.400 p.m
Insurance	Rs.2000 p.a
Diesel consumption 6 kms per litre costing	Rs.4.00 per litre
Road tax	Rs.600 p.a
Repairs	Rs.1000 p.m
Normal capacity	50passengers

The bus is generally occupied 90% capacity when it goes to Chandigarh and 80% when it goes to Agra. It is always full when it runs within the city.