

CLASS: B.Com.

15A/92

St. JOSEPH'S COLLEGE (AUTONOMOUS) TIRUCHIRAPPALLI – 620 002

SEMESTER EXAMINATIONS – APRIL 2015

TIME: 3 Hrs.

MAXIMUM MARKS: 100

SEM	SET	PAPER CODE	TITLE OF THE PAPER
VI	2012	11UCO630214	COSTING METHODS AND TECHNIQUES

SECTION – A

Answer all the questions:

20 x 1 = 20

Choose the correct answer:

- Cost of a contract and profit and loss thereon are determined by preparing
 - Cost sheet
 - Trading A/c
 - Profit and loss A/c
 - Separate ledger A/c
- Scrap value of normal loss is
 - Credited to P & L A/c
 - Show in Balance sheet
 - Credited to process A/c
 - Debited to process A/c
- The physical distance covered by a vehicle is measured in terms of
 - Tonne kilometers
 - Passenger kilometers
 - Kilometers per day
 - Miles
- Break Even Chart is a chart of
 - Sales
 - Total cost
 - Profit
 - Sales and total cost
- Standard cost helps in
 - Measuring efficiency
 - Reducing losses
 - Controlling prices
 - Emergency purchases

Fill in the blanks:

- Specific order costing include job costing, contract costing and _____.
- Inter process profits create the problem of _____ profits in stocks.

8. The cost unit in Hospital is _____ day.
9. At breakeven point, total cost is equal to _____.
10. Standard cost is a _____ cost.

State True or False:

11. When a contract is less than $\frac{1}{4}$ completes, $\frac{2}{3}$ of notional profit can be taken to profit and loss A/c.
12. Cost of normal loss of input is borne by the output of the process.
13. Running charges are fully variable in nature.
14. Margin of safety reveals the profit position of a firm.
15. Standard costs are based on the basis of standards set by the employee.

Match the following:

- | | |
|--------------------------|-------------------------|
| 16. Incomplete contracts | - a) Marginal costing |
| 17. Normal scrap value | - b) Service industries |
| 18. Operating costing | - c) Process industries |
| 19. Plant merger | - d) Notional profit |
| 20. Standard costing | - e) Process account |
| | - f) Cost control |

SECTION – B

Answer any FOUR questions:

4 x 20 = 80

21. Ram limited undertook a contract for ` 5,00,000 on 1st July 2012. On 30th June 2013, when the accounts were closed, the following details about the contract were gathered.

Materials purchased	1,00,000
Wages paid	45,000
General expenses	10,000
Plant purchased	50,000
Materials on hand 30.06.2013	25,000
Wages accrued 30.06.2013	5,000

Work certified	2,00,000
Cash received	1,50,000
Work uncertified	15,000
Depreciation of plant	5,000

The above contract contained an escalation clause which reads as follows:

‘In event of price of materials and rates of wages increasing by more than 5% the contract price will be increased accordingly by 25% of the rise in the cost of materials and wages beyond 5% in each case’.

It was found that since the date of signing the agreement the price of materials and wage rates increased by 25%. The value of the work certified does not take into account the effort of the above clause, prepare the contract account.

22. The following details are available in respect of processes A and B for may 2014.

	Process A	Process B
Materials consumed	50,000	10,000
Wages	20,000	30,000
Overheads	10,000	10,000

Process A transfers its output to Process B at a profit of 20% on cost. The finished goods are sold for ₹ 2,00,000. Prepare the process accounts, finished stock account and profit and loss A/c sharing the total profit for the month assuming the sundry expenses were ₹ 20,000, which were not apportioned to the processes.

23. The following cost data is available from the books of Sethu power co. ltd. for 2013.

Prepare cost sheet showing cost of power generation per unit of K.W.H.

Operating labour	16,500
Plant supervision	5,250

Lubricants and supplies	10,500
Repairs	21,000
Administration overheads	9,000
Capital cost	1,50,000

Total units of power generated 15,00,000. Coal assumed per K.W.H. for the year is 1 gram and the cost of Coal purchased is ` 30 per kg. Depreciation is at 4% per annum and the interest as capital into be taken at 7% per annum.

24. A product is obtained after it passes three distinct processes. From the following information prepare process accounts and abnormal gain and loss a/c.

	Process 1	Process 2	Process 3
Raw materials (₹)	2,600	1,980	2,962
Direct wages (₹)	2,000	3,000	4,000
Normal loss in (%)	5%	10%	15%
Scrap value (per unit (₹))	2	4	5
Production	950 units	840 units	750 units

General expenses ` 9,000 which is absorbed on the basis of wages. 1,000 units at ` 3 each were introduced to Process I.

25. A gang of workers usually consists of 10 men 5 women, and 5 boys in a factory. They are paid at standard hourly rates of ` 1.25, Re. 0.80 and 0.70 respectively. In a normal working week of 40 hours, the gang is expected to produce 1,000 units of output.

In a certain week, the gang consisted of 13 men 4 women and 3 boys. Actual wages were paid at the rate of ` 1.20, Re. 0.85 and 0.65 respectively. Two hours were lost due to abnormal idle time and 960 units of output were produced.

Calculate all possible labour variance.
