B.Com. (Semester – V) Examination, October 2014
Major 2 : COST AND MANAGEMENT ACCOUNTING
Methods and Techniques of Costing – I

Duration : 2 Hours Total Marks : 80

Instructions : *i) Question No.* ***1*** *is* ***compulsory****.*
ii) Answer ***any three*** *questions from Q.No.* ***2*** *to Q.No.* ***6****.*
iii) ***Total*** *number of questions is* ***6****.*
iv) Figures to the ***right*** *indicate marks allotted to the questions.*

1. Sky Construction Ltd., with a share capital of Rs. 30 lakhs, undertook a contract of a College Building. The work commenced on 1st April 2012. The contract price was Rs. 60 lakhs. The cash received on account of the contract up to 31st March 2013 was Rs. 18 lakhs being 90% of the Work Certified. The work uncertified estimated at Rs. 1,00,000.

At the end of the 31st March 2013 materials at site was Rs. 30,000, Machinery at site costing Rs. 1,00,000 was returned to the store and wages outstanding were Rs. 4,000. Plant and Machinery should be depreciated at 5% p.a.

Ledger balances (Dr.) or Trial Balances as on 31st March 2013 :

Land and Building	Rs. 13,00,000
Cash at Bank	Rs. 1,33,000
Furniture	Rs. 60,000
Contract Expenses :	
Materials	Rs. 12,00,000
Wages	Rs. 4,50,000
Power	Rs. 75,000
Site expenses	Rs. 55,000
Office expenses	Rs. 14,000
Tax paid	Rs. 13,000
Plant and Machinery	Rs. 15,00,000

Prepare :

i) Contract Account for the year ending 31-03-2013,

ii) Balance Sheet as on 31-3-2013. 20

2. You are in receipt of following information relating to the production of 10,000 units. The top management is in need of Flexible Budget figures for the production of 6000 units and 8000 units.

Prepare :

i) Flexible Budget showing the production costs of 6000 and 8000 units; and

ii) Compute cost per unit only at the end.

	Per unit
i) Material	140
ii) Labour	50
iii) Variable factory overhead	40
iv) Fixed factory overhead (Rs. 2,00,000)	20
v) Variable expenses (direct)	10
vi) Selling expenses (10% fixed)	26
vii) Distribution expenses (20% fixed)	14
viii) Administrative expenses (fixed Rs. 1,00,000)	10
Total cost of sales per unit	**310**

20

3. Annu Transport Company is running a fleet of six buses between two towns covering distance 75 k.m. one side. All the buses run on all the days of the month and make one round trip. On an average 80% of the seating capacity (40 passengers) is occupied.

Prepare :

i) Operating Cost Sheet of the fleet for the month of June and

ii) Compute cost per passenger k.m. from the following details relating to June month

Depreciation	Rs. 11,000
Insurance and Tax	Rs. 3,400
Interest on capital	Rs. 4,600
Repairs and Maintenance	Rs. 7,000
Salary of office staff	Rs. 4,000
Salaries of drivers and conductors	Rs. 51,000
Diesel and oil at the rate of Rs. 5 per k.m.	

20

4. a) Two products, A and B are obtained in a crude form and required further processing at a cost of Rs. 20 for A and Rs. 16 for B per unit before sale. With expectation a margin of 25% on cost, their sale prices are fixed at Rs. 55 and Rs 35 per unit of A and B respectively. During the period the joint cost was Rs. 2,64,000 and the output were A 8000 units and B 6000 units.

   Prepare a statement which shows share in joint cost per unit and total cost before separation : 10

   b) Prepare a Cash Budget and show over draft requirement for the period from April to June 2013 from the following data.

Months	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
February	3,60,000	2,49,600	24,000
March	3,84,000	2,88,000	28,000
April	2,16,000	4,86,000	22,000
May	3,48,000	4,92,000	20,000
June	2,52,000	5,36,000	30,000

   i) 50% of the credit sales are realised in the month following the sales and remaining 50% in the second month following.

   ii) Creditors and wages are paid in the following month.

   iii) Cash at bank on 1st April 2013 was Rs. 50,000. 10

5. a) What are the objectives and limitations of Management Accounting ? 10

   b) Define Management Accounting. Explain the tools techniques of Management Accounting. 10

6. Write short notes on **any four** of the following : **(5×4=20)**

   a) Master Budget
   b) Job Order Costing
   c) Escalation Clause
   d) Entertainment costing
   e) Joint Products and By-Products
   f) Role of Management Accountant.