

[Total No. of Questions : 6]

B.Com. (Semester - V) Examination, October - 2011
MAJOR - 2: COST AND MANAGEMENT ACCOUNTING
Methods and Techniques of Costing - I

Duration : 2 Hours

Total Marks : 80

- Instructions :**
- 1) Question No.1 is Compulsory.
 - 2) Answer any 3 Questions from Q.No. 2 to Q.No. 6.
 - 3) All questions carry equal marks.
 - 4) Give working notes wherever necessary.

Q1) Buildwell contractors Ltd. having an authorised capital of Rs. 1,00,000 divided into 1000 ordinary shares of Rs. 100 each under took a contract on 1st April 2010. The contract price was Rs. 4,00,000. The Trial Balance extracted from their books as on 31st March 2011 stood as follows :

	Dr. (Rs.)	Cr. (Rs.)
Share Capital	-	80,000
Sundry Creditors	-	8,000
Land and Building (at cost)	34,000	
Cash at bank	9,000	-
Materials	80,000	-
Plant	15,000	-
Wages	1,05,000	-
Expenses	5,000	-
Cash received (being 80% of work certified)	-	1,60,000
	2,48,000	2,48,000

Of the plant and materials charged to the contract, plant costing Rs. 3,000 and material costing Rs. 2,400 were destroyed by an accident.

On 31st March 2011, plant which costs Rs. 4,000 was returned to store. The value of materials at site was Rs. 3,000 and the cost of work done but not certified was Rs. 2,000.

Charge 10% p.a. depreciation on plant and prepare :

- a) Contract account for the year ended 31.3.2011.
- b) Balance Sheet as on 31st March 2011

[20]

P.T.O.

Q2) Mr. Jaidev owns a Taxi and the following information is available from the records maintained by him :

Cost of Taxi	—	Rs.5,00,000
Salary of cleaner	—	Rs. 1,000 per month
Salary of Mechanic	—	Rs. 500 per month.
Garage rent	—	Rs. 2,000 per month.
Insurance premium	—	5% per annum.
Driver's salary	—	Rs. 5,000 per month.
Annual repairs	—	Rs. 1,000.

Total life of the taxi is about 2,00,000 kms. The taxi runs in all 3,000 kms in a month of which 30% it runs empty. Petrol consumption is 1 litre for 20 kms. Rate of petrol is Rs.60 per litre oil and sundries are Rs. 5 per 100 kms.

Calculate cost of running taxi per kilometer.

[20]

Q3) From the following figures you are required to prepare a flexible budget for overheads and also ascertain the overhead rate per labour hour, at 60%, 80% and 100% capacity.

Particulars	At 60% capacity
a) <u>Fixed Overheads</u>	
Depreciation	33,000
Insurance	9,000
Salaries	30,000
b) <u>Semi Variable Overheads</u>	
Electricity (40% Fixed)	60,000
Repairs & Maintenance (80% Fixed)	6,000
c) <u>Variable Overhead</u>	
Material	24,000
Labour	36,000
Total	1,98,000

Estimated Direct Labour hours at 60% capacity are – 1,20,000 hours.

[20]

- Q4) a) A by-product 'B' is derived in the course of manufacturing a main product 'A'. The by-product is further processed for sale. For the month of March 2011, the following are the summarised cost data :-

Particulars	Joint expenses (Rs.)	Separate expenses	
		A (Rs.)	B (Rs.)
Materials	20,000	8,000	500
Labour	8,500	5,000	600
Overhead	2,500	2,000	500

Other Information :

- 1) The quantities produced under consideration were :-
Main product 'A' – 500 units.
By-product 'B' – 50 units
- 2) The selling price of by-product 'B' was Rs. 100 per unit on which profit earned was 20%.

Prepare :

- i) Statement of allocation of Joint cost to product 'B'.
 - ii) Statement of comparative cost and cost per unit of product A and B. [10]
- b) ABC company plans to sell 1,80,000 units of a certain product line in first quarter, 1,20,000 units in second quarter, 1,32,000 units in third quarter, 1,56,000 units in fourth quarter and 1,38,000 units in the first quarter of the following year. At beginning of the first quarter of the current year, there are 18,000 units in stock. At the end of each quarter the company plans to have an inventory equal to $\frac{1}{6}$ of the sale for the next quarter. How many units must be manufactured in each quarter of the current year? [10]
- Q5) a) State the Objectives and Functions of Management Accounting. [10]
- b) What are the Techniques of Management Accounting? State the role played by the Management Accountant. [10]
- Q6) Answer any four of the following : [20]
- a) Cost unit.
 - b) By-product
 - c) Job costing & Batch costing
 - d) Escalation clause.
 - e) Budgetary control.



