

## IV Semester B.Com. Degree Examination, September - 2023

## COMMERCE

## Costing Methods and Techniques

Paper : 4.2

(CBCS - NEP Scheme)

Time : 2½ Hours

Maximum Marks : 60

## Instructions to Candidates:

Answers should be written completely in English only.

## SECTION -A

Answer any FIVE of the following questions. Each question carries 2 marks. ( $5 \times 2 = 10$ )

1. a) What is retention money?  
 b) State any four industries in which process costing is applied.  
 c) What do you mean by transport costing?  
 d) What is margin of safety?  
 e) What do you mean by break even point?  
 f) Define standard cost.  
 g) What do you mean by variance?

## SECTION -B

Answer any FOUR of the following questions. Each question carries 5 marks.

( $4 \times 5 = 20$ )

2. Prepare abnormal loss A/c of Process A from the following details.

Materials	Rs. 30,000
Labour	Rs. 10,000
Overheads	Rs. 7,000
Inputs (units)	20,000
Normal Loss	10%
Sale of normal wastage per unit	Rs. 1
output (units)	17,000

[P.T.O.]



Direct wages Rs. 60,000  
 Machine hours worked Rs. 10,000  
 Machine hour rate Rs. 1.25  
 Office overhead : 25% of works cost.  
 Selling overheads : Rs. 2 per unit  
 Units produced : 6,000  
 Units sold : 4,000  
 Rate of profit : 20% on selling price.

8. Product 'A' is obtained after it passes through three distinct processes. The following information is obtained from the accounts for month ending 31-5-2023.

Particulars	Total (Rs.)	Process I	Process II	Process III
		Rs.	Rs.	Rs.
Direct materials	7,542	2,600	1,980	2,962
Direct wages	9,000	2,000	3,000	4,000
Production overheads	9,000	-	-	-
Output during the month		950 (units)	840 (units)	750 (units)
Normal loss		5%	10%	15%
Sale of scrap per unit		Rs. 2	Rs. 4	Rs. 5

1000 units at Rs. 3 each were introduced in process I, There were no stocks of materials or work-in - progress at the beginning or at the end of the period. The output of each process passes direct to next process and finally to finished stock. Production overhead is recovered at 100% of direct wages.

Prepare process cost A/c . Abnormal Gain A/c and Abnormal Loss A/C.

9. Prashant Transport runs a minibus with a capacity of 25 seats. The bus runs between two towns which are 25 km apart.

It runs for 30 days in a month and on an average 80% of seating capacity is utilized. The bus makes two round trips each day.

	Rs.
Cost of the bus	30,00,000
Estimated scrap value of the end of its useful life of 10 years	1,20,000
Driver's salary per month	18,000
Conductor's salary per month	15,000
Manager's salary per month	12,000
Cleaner's salary per month	9,000

[P.T.O.]

Garage rent per annum	64,800
Life tax	1,44,000
Lighting, rent etc per month	3,000
Repairs per month	7,200
Diesel, oil etc per month	72,000

The profit expected 20% of takings.

Prepare statements to show

- Operating cost per passenger Kilometer.
- The fare per passenger kilometer.

#### SECTION - D

**Answer any ONE of the following questions. Each question carries 6 marks. (1×6=6)**

- Explain the various steps involved in standard costing system.
- Mention the appropriate method of costing applied for the following industries.
  - Oil Refinery
  - Sugar industry
  - Printing press.
  - KSRTC
  - Hospitals
  - Rice Mill