₹ 30,000 and machinery at site costing ₹ 2,00,000 was returned to stores. Plant and machinery at site is to be depreciated at 5%. Wages outstanding on 31-12-1997 was ₹ 5,000.

The following were ledger balance (Dr) as per Tiral Balance as on 31-12-1997.

	₹		₹
Land and Buildings	15,00,000	Fuel & Power	1,25,000
Plant & Machinery at cost (60% at site)	25,00,000	Site expenses	5,000
Lorries and other vehicles	8,00,000	Postage & telegrams	4,000
Furniture	50,000	Office expenses	8,000
Office equipments	10,000	Rates and taxes	15,000
Material sent to site	14,00,000	Cash at bank	1,33,000
		Wages	2,50,000

Prepare the contract Account to ascertain the profit from the contract and Balance Sheet.

Register Number :

Name of the Candidate :

6 3 2 9

M.Com. (Accounting & Finance) DEGREE EXAMINATION, 2012

(FIRST YEAR)

(PAPER - III)

530. COSTING METHODS

(Old Regulations)

May] [Time : 3 Hours

Maximum : 100 Marks

SECTION – A (5 × 8 = 40)

Answer any FIVE questions.
ALL questions carry equal marks.

1. What are the objectives of costing?
2. What is idle time? Explain its types.
3. Explain the difference methods of costing with its applicability to modern industries.

Turn Over

4. The information given below has been taken from the cost records of a factory in respect of Job No.707.

Direct Material	₹ 4,010

Wages Details:

Department :

A: 60 hours @ ₹ 3per hour

B: 40 hours @ ₹ 2 per hour

C: 20 hours @ ₹ 5 per hour

The variable overheads are as follows:

Department :

A: ₹ 5,000 for 5,000 hours

B: ₹ 3,000 for 1,500 hours.

C: ₹ 20,000 for 500 hours.

Fixed expenses estimated at ₹ 20,000 for 10,000 working hours. Calculate the cost of the job No.707 and the price the Job to give a profit of 25% on the selling price.

	₹
Selling overheads over-recovered	19,500
Over valuation of opening stock in cost accounts	15,000
Over valuation of closing stock in cost accounts	7,500
Interest earned during the year	3,750
Rent received during the year	27,000
Bad debts written off during the year	9,000
Preliminary expenses written-off during the year	18,000

13. Modern construction company with a paid up share capital of ₹ 50 lakhs undertook a contract to construct LIG houses. The contract work commenced on 1-1-1997 and the contract price was ₹ 50 lakhs. Cash received on account of contract on 31-12-1997 was ₹ 18 lakhs (90% of the work certified). Work completed but not certified was estimated at ₹ 1,00,000. As on 31.12.1997, material at site was estimated at

	Service Departments			Production Departments	
	S_1 (Time Keeping	S_2 (stores)	S_3 (Mainten-ance)	P_1	P_2
No.of Employees	—	20	10	40	30
No.of Stores requisi-tions	—	—	6	24	20
Machine Hours	—	—	—	2,400	1,600

12. From the following data, prepare a reconciliation statement:

	₹
Profit as per cost accounts	1,45,500
Works overhead under-recovered	9,500
Administrative overheads under-recovered	22,750

5. The Rama corporation produces four products in a manufacturing process. The Corporation produced 10,000 units of A, 20,000 units of B, 15,000 units of C and 25,000 units of D. The cost before split off point for the four products was ₹ 1,40,000. Using the average unit cost method, calculate

   (a) the unit cost,

   and (b) Show how the joint cost would be apportioned among the products.

6. The following information regarding receipts and issues of pigments has been obtained from the stores record of a paint manufacturing factory:

October 1998

1.	Opening stock of pigments	25,000 kg
	(There were no issues or receipts during the last week of September)	
2.	Issued on Requisition No-1	13,000 kg

October 1998

3.	Issued on Requisitons No.2	2,000 kg
4.	Received from a supplier by Challan No.13 of 3-10-98 (as per stipulated date of delivery)	30,000 kg
5.	Issued on Requisition No.3	10,000 kg
6.	Issued on Requisition No.4	5,000 kg
7.	Received from supplier challan No.48	10,000 kg
8.	Issued on Requisition No.5	4,500 kg

Examination by the stock verifier
on 6th morning revealed
a shortage of 500 kg

Maximum limit was	50,000 kg
Minimum limit was	8,000 kg
Ordering level was	25,000 kg

11. A manufacturing company, has two production Departments. P_1 and P_2 and three Service Departments, S_1, S_2 and S_3 Time-keeping. Stores and Maintenance. The Departmental Summary showed the following expenses for July,1998.

P - Production departments

S - Service Departments

(in order of their importance)

	₹
P_1	16,000
P_2	10,000
S_1 (Time keeping)	4,000
S_2 (Stores)	5,000
S_3 (Maintenance)	3,000

The other information relating to departments were.

Issue of material were as follows.

January, 4 200 units;

January, 10 400 units;

January, 15 100 units;

January, 19 100 units;

January, 26 200 units;

January, 30 250 units.

Issues are to be priced on the principle of “First in First Out; write out the Stores Ledger Account in respect of the materials for the month of January.

10. Calculate the earnings of workers A, B and C under straight piece rate system and Merrick’s multiple piece rate system from the following particulars:

Normal rate per hour	₹ 1·80
Standard time per unit	1 minute

Out put per day is as follows:

Worker - A: 384 units

Worker - B: 450 units

Worker - C: 552 units

Working hours per day are 8.

You are required to prepare Bin card No-36 for the item pigment for which the symbol allotted is X-40.

7. Calculate the normal and overtime wages payable to a workman from the following data.

Days	Hours worked
Monday	8 hrs
Tuesday	10hrs
Wednesday	9 hrs
Thursday	11 hrs
Friday	9 hrs
Saturday	4 hrs
Total	51 hrs
Normal working hours	8 hours per day
Normal rate	₹ 1 per hour

Overtime rate	Upto 9 hours in a day at single rate and over 9 hours in a day at double rate or upto 9 hours in week at single rate and over 48 hours at double rate whichever is more beneficial to the workmen.

8. Ascertain the prime cost,work cost ,cost of production, total cost and profit from the under mentioned figures.

   Direct Materials ₹ 5,000:

   Direct Lab our ₹ 3,500:

   Factory Expenses ₹ 1,500;

   Administration Expenses ₹ 8000;

   Selling Expenses ₹ 700

   and Sales ₹ 15,000.

SECTION – B (3 × 20 = 60)

Answer any THREE questions.
ALL questions carry equal marks.

9. The "Received" side of the Stores Ledger Account shows the following particulars :

January, 1	Opening Balance	500 units @ ₹ 4
January, 5	Received from vendor	200 units @ ₹ 4·25
January, 12	Received from vendor	150 units @ ₹ 4·10
January, 20	Received from vendor	300 units @ ₹ 4·50
January, 25	Received from vendor	400 units @ ₹ 4