E 6403 (Pages : 4) Reg. No.................................

Name...................................

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2019

Sixth Semester

Core Course 15—APPLIED COST ACCOUNTING

(Common for Model I B.Com., Model II B.Com. and U.G.C. Sponsored B.Com.)

[2013 Admission onwards]

Time : Three Hours Maximum Marks : 80

Part A

Answer **all** *questions.*
Each question carries 1 mark.

1. What is economic batch quantity ?
2. What is notional profit ?
3. What is work uncertified ?
4. What is abnormal wastage ?
5. What is margin of safety ?
6. What do you mean by semi-variable cost ?
7. Define marginal costing.
8. What is budget manual ?
9. What is a responsibility centre ?
10. Who is a budget officer ?

(10 × 1 = 10)

Part B

Answer any **eight** *questions.*
Each question carries 2 marks.

11. Name 4 industries where job costing is applicable.
12. Explain the nature and uses of Batch Costing.
13. Explain the different methods of treatment of plants in contracts.
14. What is extra work ? How is it treated in contract account ?
15. What is equivalent production ?
16. What are the uses of contribution to management ?
17. Distinguish between fixed and flexible budget.
18. From the following information calculate the amount of contribution and profit Sale—Rs. 20,00,000, Variable cost—Rs. 12,00,000, Fixed Cost—Rs. 3,00,000.

Turn over

19. Input 3800 units, output 3000 m. units, closing work in progress 800 units :

Degree of completion

Materials	...	75 %
Labor	...	75 %
Overhead	...	75 %

Find out the equivalent production assuming that there is no opening work in progress and process loss.

20. Annual demand for product AB is 15,000 units, machine set up cost at one time is Rs. 6,000 and carrying cost per unit per annum is Rs. 10. Calculate EBQ.

21. The following information is extracted from the job ledger in respect of Job No. 303 : Materials : Rs. 3,400, Wages 80 hours at Rs. 2.5 per hours.

    Variable overheads incurred for all job Rs. 5,000 for 4,000 labour hours. Find the profit if the job is billed Rs. 4,200.

22. A batch of 600 units was introduced in a process at Rs. 20 per unit. 620 units are completed and transferred to finished goods store. The overhead expenses in the process amounted to Rs. 600. Prepare Process account.

(8 × 2 = 16)

Part C

Answer any **six** *questions.*
Each question carries 4 *marks.*

23. What are the principles to be followed while taking credit for profit on incomplete contracts ?

24. Distinguish between joint products and by-products.

25. What are the circumstances under which a product is sold at below marginal cost ?

26. State the steps in involved in budgetary control.

27. Following information has been extracted costing records of Y Ltd. works in respect of Job No. 18.

    Materials : Rs. 7,025.

    Wages :

    Department A : 15 hours @ Rs. 10 per hour.

    Department B : 20 hours @ Rs. 9 per hour.

    Department C : 10 hours @ Rs. 15 per hour.

    Overheads for the three departments are estimated as follows :

    Department A : Rs. 7,500 for 1,500 direct labor hours.

    Department B : Rs. 5,000 for 2,500 direct labor hours.

    Department C : Rs. 3,000 for 1,000 direct labor hours.

    Fixed overheads : Estimated at Rs. 10,000 for 5,000 normal working hours.

    Calculate the Cost of Job No. 18 and calculate the price to be charged so as to give a profit of 25 % on selling price.

28. Total units produced and sold - 2,000 ; Selling Price per unit- Rs. 40 ; Variable cost per unit- Rs. 24 ; Fixed cost for the period- Rs. 8,000.

Calculate : (i) P/V Ratio ; (ii) Break-even sales ; (iii) Margin of safety ; (iv) Amount of sales to earn a profit of Rs. 16,000 ; and (v) Profit at a sale of 6,000 units.

29. Product A can be produced either by Machine X or Machine Y. Machine X can produce 400 units of the product per hour and Machine Y 600 units per hour. Total machine hours available during the year are 4,000. Taking into account the following data determine the profitable method of manufacture of the product: Machine X-Marginal Cost- Rs. 20 ; Selling Price Rs. 36 ; Machine Y- Marginal Cost- Rs. 24 ; Selling Price- Rs. 36.

Fixed Cost per year Rs. 4,00,000.

30. A product passes through three process namely 1, 2 and 3. From the following information, prepare the process accounts :

		Process 1	*Process* 2	*Process* 3
Raw material used (tonnes)	...	1,000	-------	-------
Cost per tonne (Rs.)	...	200	-------	-------
Manufacturing expenses	...	72,500	40,800	10,710
Weight loss	...	5 %	10 %	20 %
Scrap (sold at Rs. 50 per tonne)	...	50	30	51

Output of Process 1 is transferred to Process 2 and out put of Process 2 is transfer to Process 3. Prepare process account.

31. Prepare a flexible budget for production at 80% and 90% capacity on the basis of the following data for a 50 % activity :

		Per unit (Rs.)
Materials	...	50
Labour	...	25
Variable Expense (Direct)	...	5
Administrative Expense (50 % Fixed)	...	20,000
Selling and Distribution Expense (60% Fixed)	...	25,000
Present Production (50 % activity)	...	500 units

(6 × 4 = 24)

Part D

Answer any **two** *questions.*
Each question carries 15 *marks.*

32. Explain various accounting treatment of joint products and by-products.

33. Explain the application of marginal costing in decision-making process

Turn over

34. A process passes through two processes A and B. The output of A passes on to B and that of B becomes the finished product. From the other details given below. Prepare necessary accounts :

		Process A	*Process* B
Materials Consumed (Rs.)	...	48,000	24,000
Direct Labour (Rs.)	...	56,000	32,000
Manufacturing Expenses (Rs.)	...	16,020	16,000
Input Process A (units)	...	40,000	
Output (units)	...	36,000	33,200
Normal Wastage	...	5 %	10 %
Scrap value (per unit) for normal wastage per 100 units (Rs.)	...	32.00	40.00

35. X Ltd. undertook a contract on 1st April 2017 for a contract price of Rs. 1,00,00,000. The following relate to the contract as on 31st March, 2018 :

	Dr. (Rs.)	Cr. (Rs.)
Share Capital (in shares of Rs. 10 each)		24,00,000
Creditors		2,00,000
Cash received on contract (80 % of work certified)		40,00,000
Land and Building	8,60,000	
Bank	5,00,000	
Charged to Contract :		
Materials	18,00,000	
Plant	5,00,000	
Wages	28,00,000	
Expenses	1,40,000	
	66,00,000	66,00,000

Of the plant and materials charged to contract, plant which cost Rs. 1,00,000 and materials which cost Rs. 80,000 were lost in accident. On 31st March, 2018 materials of cost Rs. 1,00,000 was returned to stores, the cost of work done but uncertified was Rs. 40,000 and materials costing Rs. 80,000 were in hand on site. Charge 10 % depreciation on plant and prepare Contract Account and Balance Sheet.

(2 × 15 = 30)