E 9226 (Pages : 6) Reg. No.................................

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

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2020

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—2016 Admissions)

Time : Three Hours Maximum Marks : 80

Part A

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

1. What do you mean by Job Cost Sheet ?
2. What is escalation clause ?
3. What is a subcontract ?
4. Define process costing.
5. What is angle of incidence ?
6. What is a period cost ?
7. State the marginal cost equation.
8. What is a budget centre ?
9. What do you mean by retention money ?
10. What is a flexible budget ?

(10 × 1 = 10)

Part B

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

11. Explain economic batch order.
12. What is work-in-progress in contracts ? How it is calculated ?

Turn over

13. Differentiate joint products from co-products.

14. What is the justification for exclusion of fixed cost from cost of a product ?

15. Explain Zero base budgeting.

16. Why a portion of profit on uncompleted contracts transferred to the Profit and Loss account ?

17. How would you treat abnormal loss and abnormal gain in process costing ?

18. From the following Calculate P/V Ratio :

Sales—Rs. 20,00,000 ; Variable Cost—Rs. 12,00,000 ; Profit—Rs. 2,00,000.

19. A product passes through different process to completion. 1000 units are introduced to Process I at a cost of Rs. 18 per unit. Direct Labor and direct expenses for the process were Rs. 8,000 and Rs. 2,000 respectively. Overhead expenses amounted to Rs. 2,000. Past experience shows that 10% of the material introduced to the process would lose normally. Actual production was 900 units. Unit lost realized Scrap value of Rs. 8 per unit.

Show the preparation of the Process account.

20. Compute the EBQ from the following information :

Actual demand—8,000 units ; Setting up cost—Rs. 100 ; Cost of manufacturer per unit—Rs. 200 ; Rate of interest per annum—10%.

21. You are required to calculate break-even from the following figures :

Sales : Rs. 3,00,000 ; Fixed expenses : Rs. 75,000 ; Direct expenses : Rs. 2,00,000.

22. From the following figures prepare the raw material Purchase Budget :

		A	B
Estimated opening stock	...	16,000	6,000
Estimated Closing stock	...	20,000	8,000
Estimated Consumption	...	1,20,000	44,000
Standard price per unit	...	Re. 1	Re. 1.5

(8 × 2 = 16)

Part C

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

23. Under make or buy decision, what are the factors to be considered before deciding to buy a product than to manufacture.

24. Explain the different methods of apportionment of joint cost.

25. State the essentials of a Budgetary Control System.

26. Differentiate between waste, scrap, spoilage and defectives.

27. Following information has been extracted from costing records of AB Ltd, works in respect of Job No. 88 :

    Materials : Rs. 6,900

    Wages :

    Department A : 120 hours @ Rs. 6 per hour

    Department B : 80 hours @ Rs. 4 per hour

    Department B : 40 hours @ Rs. 8 per hour

    Overheads for the three departments are estimated as follows :

    Department A : Rs. 8,000 for 8,000 direct labor hours

    Department B : Rs. 6,000 for 3,000 direct labor hours

    Department B : Rs. 2,000 for 1,000 direct labor hours

    Fixed overheads : Estimated at Rs. 20,000 for 20,000 normal working hours

    Calculate the Cost of Job No. 80 and calculate the price to be charged so as to give a profit of 20% on selling price.

28. Prepare a flexible budget for production of 1,200 units and 1,500 units on the basis of the following data for a 1,000 units :

	Per unit (Rs.)
Materials	240
Labour	160
Variable Expense (Factory)	40
Fixed Expense (Factory)	32
Administrative overhead (10% Variable)	30
Selling and Distribution Overhead (20% Variable)	30

29. Units produced and sold—20,000 units @ Rs. 200 each ; Variable cost per unit—Rs. 100 ; Fixed cost for the period—Rs. 4,00,000.

Calculate : (i) P/V Ratio ; (ii) Break-even sales ; (iii) Margin of safety ; (iv) Amount of sales to earn a profit of Rs. 8,00,000 ; (v) Profit at a sale of 30,000 units.

30. The following information is relating to Product X and Product Y :

	Product X	Product Y
Sales	Rs. 150	Rs. 96
Direct Material	Rs. 60	Rs. 60
Direct Labour Hours (Re. 1 per hour)	30 hrs.	4 hrs.

Variable Overhead—100% of direct labour ; fixed overhead—Rs. 3,000. Present the above information to show the profitability of products during labour shortage.

31. The following information is supplied regarding a contract in progress :

		Rs.	State of Completion %
Erection cost to date	...	7,500	25
Fabrication cost to date :			
Materials	...	60,000	60
Wages	...	47,500	50
Contract value	...	2,00,000	

Calculate 1) The estimated profit or loss at the completion of the contract ; 2) The estimated profit or loss to date.

(6 × 4 = 24)

Part D

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

32. Z Ltd. undertook a contract on 1st April 2017 for a contract price of Rs. 24,00,000. The following relate to the contract as on 31st March, 2018 :

		(Rs.)
Materials bought	...	6,40,000
Materials issued from stores	...	1,20,000
Materials transferred from other contracts	...	40,000
Direct Wages	...	4,00,000
Direct Expenses	...	80,000
Office on cost	...	38,000
Cost of extra work completed	...	22,000
Recoveries from contractee for extra work	...	30,000
Cash received from contractee being 80% of work certified	...	13,20,000
Depreciation on plants used in contract	...	60,000
Cost of work uncertified	...	1,40,000
Materials in stock at site	...	60,000
Materials returned to store	...	30,000
Works on cost 20% of direct wages		

Prepare Contract Account Contractees Account and work in progress account.

33. A process passes through two processes X and Y and then to finished stock. 20,000 units were issued to process X at a cost of 40 per unit. From the other details given below, prepare necessary accounts :

	Process X	Process Y
Sundry materials (Rs.)	40,000	60,000
Wages (Rs.)	2,00,000	3,20,000
Manufacturing Expenses (Rs.)	42,000	47,520
Output (units)	19,000	18,200
Normal Wastage	3%	5%
Scrap value (per unit) for normal wastage (Rs.)	5.00	10.00

34. A company has three grades of a Product A. The variable cost per packet Kg for Grade I is Rs. 60, Grade II- Rs. 70 ; and Rs. 80. The sales price per packet of 1 kg each is Rs. 160, Rs. 200 and Rs. 240 respectively. The fixed cost of the concern for the period is Rs. 5,00,000. The following is the production and sales mix for the month ending 30^{th} June 2018. Suggest the mix that contributes the highest profit.

	No. of Units		
	Grade I	Grade II	Grade III
Suggested Sales mix (i) in packets	8,000	4,000	2,000
Suggested Sales mix (ii) in packets	7,000	4,000	3,000
Suggested Sales mix (iii) in packets	4,000	4,000	6,000

35. "Budgets are effective tools for planning and controlling". Comment your views as manager of an organisation.

(2 × 15 = 30)