E 5888 (Pages : 4) Reg. No.................................

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

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2017

Sixth Semester

Core Course 15—APPLIED COST ACCOUNTING

(Common for Model I B.Com., Model II B.Com. and UGC 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 Job costing ?
2. What is Economic Batch Quantity ?
3. What is cost plus contract ?
4. What is meant by work certified ?
5. What do you mean by abnormal gain in process costing ?
6. What is Joint products ?
7. What is Marginal costing ?
8. What is absorption costing ?
9. What is Budget centre ?
10. What is meant by cash budget ?

$(10 \times 1 = 10)$

Part B

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

11. What are the various methods of costing useful for business decision making ?
12. State the process of determining the profit of incomplete contract.
13. What are the elements of production costs in process costing ?
14. What is meant by Budget manual ? State its uses.
15. What are the advantages of Break-even Analysis ?
16. Explain the features of job costing.

Turn over

17. Explain various methods of apportionment of Joint product costs.

18. A manufacturer buys certain equipment from outside suppliers at Rs. 30 per unit. Total annual needs are 800 units. The following further data are available :

    Annual return on investment 10 %; Rent, insurance, and taxes per unit per year Re.1 ; Cost of placing an order Rs. 100 /. Determine Economic batch quantity.

19. You are given the following data :—

		Rs.
Fixed cost	...	20,000
Variable cost	...	10,000
Contribution	...	40,000

Calculate: P/V ratio, BEP and Margin of Safety.

20. In process B, 75 units of a commodity were transferred from process A at a cost of Rs. 1,310. The additional expenses incurred by the process were Rs. 190. 20 % of the units entered are normally lost and sold @ Rs. '4 per unit. The output of the process was 70 units. Prepare Process B Account.

(8 × 2 = 16)

Part C

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

21. Make a note on application of costing methods in business decision making.

22. What are Process losses ? How to deal these in process costing ?

23. Distinguish:
    (i) Absorption costing and Marginal costing.
    (ii) Joint products and By-products.
    (iii) Fixed budget and flexible budget.

24. What are the importance of Performance budgeting ?

25. Discuss briefly the principles to be followed while taking credit for profit on incomplete Contracts.

26. The output from Process X totaled 2,500 units. It was considered that 200 units were an abnormal loss. Normal loss allowed was 10 %. The other information are given below:

Material	...	@ Rs. 5 per unit
Labour	...	Rs. 4,000
Overheads	...	Rs. 3,350
Wastage realized	...	Rs. 2.50 per unit.

You are required to prepare Process Account and Abnormal Loss Account.

27. The following information at 50 % capacity is given. Prepare a flexible budget at 60 %, 70 % and 90% capacity.

		Expenses at 50 % capacity (Rs.)
Fixed expenses	...	2,20,000
Variable expenses	...	4,90,000
Semi variable expenses	...	3,40,000

It is estimated that fixed expenses will remain constant at all capacities. Semi-variable expenses will not change between 45 % and 60 % capacity, will rise by 10 % between 60 % and 75 % capacity, a further increase of 5 % when capacity crosses 75 %.

28.

		Sales Rs.	*Profit* Rs.
Period I	...	1,00,000	15,000
Period II	...	1,20,000	23,000

You are required to find out: P/V ratio, fixed cost, Break-even-point and sales required to earn a profit of Rs. 20,000.

(6 × 4 = 24)

Part D

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

29. Describe job Costing and Batch Costing giving example of industries where these are used.

30. The following balances were extracted from the books of a building contract on 31st March, 2015 regarding Contract No. 123 :

Materials issued to site—Rs. 6,27,200.

Wages Paid—Rs. 7,34,550.

Wages outstanding on 31.3.2015—Rs. 7,200.

Plant issued to site—Rs. 60,000.

Direct charges paid—Rs. 25,150.

Direct charges outstanding on 31.3.2013—Rs. 2,100.

Establishment Charges—Rs. 56,500.

Stock of materials at site on 31.3.2015—Rs. 12,000.

Value of work certified on 31.3.2015—Rs. 16,50,000.

Cost of work not yet certified—Rs. 35,000.

Cash received on account of architects certificate after deduction by customer of 5 percent retention money Rs. 14,10,750

The work was commenced on April 1,2012 and the contract price agreed at Rs. 24,50,000.

Turn over

Prepare contract account for the year providing for depreciation of plant of 25 per cent. Calculate the Profit or Loss in the contract to date and make such provision in the contract account as you consider desirable. Set out also contractors balance sheet so far as it relates to the contract.

31. From the following information of The Magila Corporation Ltd., you are required to find out P/V ratio, BEP and Margin of safety.

Sales in units	...	15,000.
Fixed expenses	...	Rs. 34,000/.
Sales value	...	Rs. 1,50,000/.
Variable costs	...	Rs. 6/ per unit.

Also calculate the revised P/V ratio, BEP and Margin of safety in each of the following each of the cases : (a) Decrease of 10% Selling price; (b) Increase of 10 % variable cost ; and (c) Increase of sales volume by 2000 units.

(2 × 15 = 30)