

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2016**Sixth Semester****Core Course 15—APPLIED COST ACCOUNTING****(Common for Model I B.Com Model II B.Com and UGC sponsored B.Com.)****[2013 Admissions]****Time : Three Hours****Maximum : 80 Marks****Part A***Answer all questions.**Each question carries 1 mark.*

1. What is Job costing ?
2. What is Batch Costing ?
3. What is Escalation Clause ?
4. What is meant by Retention money ?
5. What is Process costing ?
6. What do you mean by by-products ?
7. What is break-even chart ?
8. What is key factor ?
9. What is meant by budgetary control ?
10. What is performance budgeting ?

(10 × 1 = 10)**Part B***Answer any eight questions.**Each question carries 2 marks.*

11. What are the various techniques of costing useful for business decision making ?
12. What is meant by contract costing ? State its features.
13. Explain Cost-volume-profit Analysis.
14. What are the uses of Break-Even Chart ?
15. What is differential costing ? State its features.
16. Explain the nature and uses of batch costing.
17. Why is a portion of profit on uncompleted contracts transferred to the profit and loss account ?

Turn over

18. From the following information, determine economic batch quantity :—

Annual requirements	...	1600 units.
Cost of materials per unit	...	Rs. 40
Cost of placing and receiving one order	...	Rs. 50
Annual carrying cost of inventory	...	10 % of inventory value.

19. You are given the following data :—

		Rs.
Fixed cost	...	20,000
Variable cost	...	20,000
Sales	...	1,00,000

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

20. From the following information, prepare a process account, 1,000 units at Rs. 40 per unit were introduced in Process I :

		Rs.
Labour cost	...	5,000
Material	...	20,000
Production overhead	...	3,500

The normal process loss has been estimated at 10 % of the input which can be sold at Rs. 10 per unit. Actual production was 920 units.

(8 × 2 = 16)

Part C

Answer any **six** questions.

Each question carries 4 marks.

21. Explain the features of Job costing.
22. What are the objectives of contract costing ?
23. Mention the advantages and disadvantages of break-even analysis.
24. State the advantages of budgetary control.
25. Distinguish between Job Costing and Process Costing.
26. The following was the expenditure on a contract for Rs. 6,00,000 commenced in January, 2009 :—

		Rs.
Material	...	1,20,000
Wages	...	1,64,400
Plant	...	20,000
Business charges	...	8,600

Cash received on account to 31st December, 2009 amounted to Rs. 2,40,000 being 80 % of work certified; the value of materials in hand at 31st December, 2009 was Rs. 10,000. Prepare the Contract Account for 2009 showing the profit to be credited to the year's Profit and Loss Account. Plant is to be depreciated at 10 %.

27. The information given below has been taken from the costing records of an Engineering works in respect of Job No. 62 :

Materials Rs. 4,010

Wages : Department A-60 hours @ Rs. 3 per hour.

Department B-40 hours @ Rs. 2 per hour.

Department C-60 hours @ Rs. 5 per hour.

Overheads for these three departments were estimated as follows :

Variable overheads :

Department A Rs. 5,000 for 5,000 labour hours.

Department B Rs. 3,000 for 1,500 labour hours.

Department C Rs. 2,000 for 500 labour hours.

Fixed overheads :

Estimated at Rs. 20,000 for 10,000 normal working hours.

You are required to calculate the cost of Job 62 and calculate the price to give profit of 25 % on selling price.

28. Present the following information to show to the management : (a) The marginal product cost and the contribution per unit ; (b) The total contribution and profits resulting from each of the following sales mixture and state which of the alternative sales mix you would recommend to the management and why ?

<i>Particulars</i>	<i>Product A</i>	<i>Product B</i>
	Rs.	Rs.
Direct materials per unit ...	10	9
Direct wages ...	3	2
Sales price ...	20	15

Total fixed expenses Rs. 800. Variable expenses are allocated to products as 100 % of direct wages.

Sales mixtures :

- 1,000 units of product A and 2,000 units of product B.
- 1,500 units of product A and 1,500 units of product B.
- 2,000 units of product A and 1,000 units of product B.

(6 × 4 = 24)

Turn over

Part D

Answer any two questions.
Each question carries 15 marks.

29. Explain various accounting treatment of joint products and by-products.
30. Product X is obtained after it passes through three distinct processes. You are required to prepare process account from the following information :—

	Total Rs.	Process		
		I Rs.	II Rs.	III Rs.
Material ...	15,084	5,200	3,960	5,924
Direct wages ...	18,000	4,000	6,000	8,000
Production overheads ...	18,000	—	—	—

1,000 units at Rs. 6 per unit were introduced in Process I.

Production overhead is to be distributed as 100 % on direct wages.

Process	Actual output Unit	Normal Loss	Value of scarp per unit Rs.
I ...	950	5 %	4
II ...	840	10 %	8
III ...	750	15 %	10

31. The expenses for the production of 5,000 units in a factory are given as follows :

	Per Unit Rs.
Materials ...	50
Labour ...	20
Variable Overheads ...	15
Fixed Overhead (Rs. 50,000) ...	10
Administrative expenses (5 % variable) ...	10
Selling expenses (20 % fixed) ...	6
Distribution expenses (10 % fixed) ...	5
Total cost of sales per unit ...	116

You are required to prepare a budget for the production of 7,000 units.

(2 × 15 = 30)