**TB146210A** **Reg. No…….**

**Name……....**

**B. COM. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2017**

**SEMESTER VI - COMMERCE**

**COM6ACA - APPLIED COST ACCOUNTING**

**Time: Three Hours** **Maximum Marks: 80**

## PART A

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

1. Define batch costing.
2. What is uniform costing?
3. What is retention money?
4. What is meant by work certified?
5. What is normal process loss?
6. What are the types of industries where process costing is applicable?
7. What is contribution?
8. Define angle of incidence.
9. What is budget manual?
10. Define budget key factor.

**(10x1=10 )**

## PART B

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

11. What are the features of job costing?
12. How do you treat loss on a contract which is 2/3$^{rd}$ complete?
13. What is escalation clause?
14. What are joint products?
15. How is abnormal gain treated in process account?
16. What is a budget centre?
17. What is ZBB?
18. Differentiate between marginal costing and absorption costing.
19. Explain break-even analysis.
20. Compute the EBQ for a company using batch costing with the following information:

| | |
|---|---|
| Annual demand for the component | 4,000 units |
| Setting up cost | Rs. 100 |
| Cost of manufacturing one unit | Rs. 400 |
| Rate of interest p.a. | 5 % |

21. A manufacturing company submits the following figures relating to Product X for the first quarter of 2014:

| | | |
|---|---|---|
| Sales Target: | January | 60,000 units |
| | February | 48,000 units |
| | March | 72,000 units |

Stock position:

1st January 2014 (% of January 2014 sales) – 50%

31st march, 2014 - 40,000 units

End January & February (% of subsequent Month's Sales) – 50%

You are required to prepare production budget for the first quarter of 2014.

22. Give the points of difference between Job costing and contract costing.

**(8x2=16)**

## PART C

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

23. What is work-in-progress with respect to contract account? How is it valued?
24. How would you ascertain profit in case of incomplete contract?
25. Distinguish between marginal cost and marginal costing.
26. Explain different methods of costing.
27. Explain the uses and applications of marginal costing techniques.
28. In process A, 100 units of raw materials were introduced at a cost of Rs. 1,000. The other expenditure incurred by the process was Rs. 600. Of the units introduced, 10% are normally lost in the course of manufacture and they possess a scrap value of Rs. 7 each. The output of process A was only 75 units. Prepare process account and abnormal loss account.
29. A factory produces three products X, Y and Z from a joint process. The joint cost is Rs. 12,600.

| | X (Rs.) | Y (Rs.) | Z (Rs.) |
|---|---|---|---|
| Further processing costs | 1,000 | 900 | 600 |
| Total sales value | 10,000 | 7,000 | 6,000 |
| Estimated profit on sales | 20% | 30% | 40% |

Apportion the joint costs following any method

30. For production of 10,000 Electrical Irons, the following are budgeted expenses:

| | Per unit (Rs.) |
|---|---|
| Direct Materials | 60 |
| Direct Labour | 30 |
| Variable Factory Overheads | 25 |
| Fixed Factory Overheads (Rs. 1,50,000) | 15 |
| Variable Expenses (Direct) | 5 |
| Selling Expenses (10% fixed) | 15 |
| Distribution Expenses (20% fixed) | 5 |
| Administrative Expenses (Fixed – Rs. 50,000) | 5 |
| Total cost of sales per unit | 160 |

You are required to prepare a budget for the production of 7,000 units and 8,000 units.

31. From the following particulars prepare the cost sheet for Job No. 105 and find out the value of the job:

| | |
|---|---|
| Materials issued for the job | Rs. 6,000 |
| Productive wages | Rs. 4,600 |
| Direct expenses | Rs. 500 |

Provide 60% on productive wages for works on cost and 12% on works cost for office on cost, profit to be realized on the selling price 15%

**(6x4=24)**

## PART D

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

32. Following information is provided to you:

| | | |
|---|---|---|
| Selling Price | per unit | Rs. 40 |
| Variable Cost | per unit | Rs. 24 |
| Fixed costs | per unit | Rs. 6 |
| Profit | per unit | Rs. 10 |

Present sales volume is 2,000 units

You are required to calculate:

a) P.V Ratio and Break even point, b) Margin of safety

c) Sales required to earn a profit of Rs. 26,000, d) Profit at Sales volume of 2,500 units

33. You are required to prepare Contract Account showing the profit on the contract on 30th April, 2013, from the following particulars:

| | | |
|---|---|---|
| Contract price | Rs. | 1,00,000 |
| Materials sent to site | | 32,250 |
| Labour engaged on site | | 27,400 |
| Plant installed at site | | 5,650 |
| Work certified | | 71,500 |
| Cash receives from contractee | | 65,000 |
| Value of plant as on 30th April, 2013 | | 4,100 |
| Cost of work done, but not certified | | 1,700 |
| Direct expenditure | | 1,200 |
| Cost of establishment | | 1,625 |
| Wages outstanding at 30th April, 2013 | | 900 |
| Material in hand on 30th April, 2013 | | 700 |
| Direct Expenses outstanding on 30th April, 2013 | | 100 |
| Materials returned to store | | 200 |

34. From the following information obtained from the books of Maruthi Ltd., prepare a cash budget for the quarter ending 30th June 2013:

| | Sales | Purchase | Wages | Expense |
|---|---|---|---|---|
| January | 80,000 | 45,000 | 20,000 | 5,000 |
| February | 80,000 | 40,000 | 18,000 | 6,000 |
| March | 80,000 | 42,000 | 22,000 | 6,000 |
| April | 90,000 | 50,000 | 24,000 | 7,000 |

| | | | | |
|---|---|---|---|---|
| May | 85,000 | 45,000 | 20,000 | 6,000 |
| June | 80,000 | 35,000 | 18,000 | 5,000 |

Special information:

1) Advance payment of income tax in May Rs. 4,000. Purchase of plant in April 10,000
2) Rent Rs. 300 payable each month not included in the expenses
3) 10% of purchases and sales are in cash terms
4) Credit purchases are paid after one month and credit sales are collected after 2 months
5) Time lag in wages and expenses ½ month
6) Cash and bank balances on April 1st Rs. 13,000

35. The following information is extracted from the cost accounts of a factory producing a commodity in the manufacturing of which three processes are involved. Prepare process cost accounts showing the cost of the output and the cost per unit at each stage of manufacture.

| | **Process-I** | **Process-II** | **Process-III** |
|---|---|---|---|
| | Rs. | Rs. | Rs. |
| Direct wages | 2,500 | 5,000 | 6,500 |
| Machine expenses | 1,400 | 1,200 | 1,200 |
| Raw material consumed | 8,000 | ------- | ------- |
| Factory on cost | 1,100 | 1,550 | 900 |
| | **Units** | **Units** | **Units** |
| Production (gross) | 2,750 | ------- | ------- |
| Wastage | 150 | 210 | 200 |
| Stock at beginning | ------ | 250 | 500 |
| Stock at end | ------ | 440 | 100 |

**(2x15=30)**