Reg. No.. Name.. **19U609**

B. COM. DEGREE END SEMESTER EXAMINATION - MARCH 2019

SEMESTER **– 6: COMMERCE (CORE COURSE)**

COURSE: **15U6CRCOM15: APPLIED COST ACCOUNTING**

(Common for Regular - 2016 Admission / Supplementary-Improvement 2015 Admission)

Time: Three Hours Max. Marks: 75

SECTION A

*Answer **all** questions. Each question carries **two** marks.*

1. What is escalation clause?
2. What is abnormal gain?
3. State the main features of job costing.
4. What is differential costing?
5. Distinguish between joint product and by-product.
6. What is budgetary control?
7. Explain the treatment of extra work in contract costing.
8. Define budget.
9. In a trading concern, there was an increase in profit from Rs 10,000 to 16,000 when sales are increased by Rs 50,000. The fixed expenses were Rs 24,000. Find out breakeven point.
10. Compute economic batch quantity for a company using the following information.

Annual demand for the component	2,000 units
Setting up cost	Rs 100
Cost of manufacturing one unit	Rs 200
Rate of interest per annum	5%

(2 × 10 = 20)

SECTION B

*Answer **any five** questions. Each question carries **five** marks.*

11. State the factors to be considered for determining economic batch quantity.
12. Describe the various steps in performance budgeting.
13. M/s Sriram building contractors began to trade on 1st January 2017. The following was the expenditure on a contract for Rs 9,00,000

	Rs
Materials issued from stores	2,25,500
Materials purchased	60,500
Plant installed at cost	1,05,000
Wages paid	3,60,000
Direct expenses paid	33,000
Establishment expenses	30,000
Wages accrued on 2017 December 31st	7,500

Of the plant and materials charged to contract, the plant which cost Rs 7,500 and materials costing Rs 6,000 were lost. Materials costing Rs 3,750 were sold at a profit of Rs 750. On December 31st, the plant costing Rs 5,250 was returned to store.

Work certified was Rs 7, 20,000 and 80 % of the same was received in cash. The cost of work done but not certified was Rs 4,500. Charge depreciation on plant at 10% per annum.

You are required to prepare contract account for the year ended 31st December 2017.

14. The total cost of a component manufactured in a factory is given below.

	Rs
Direct materials	16
Direct labour	12
Variable overhead	10
Fixed overhead	<u>12</u>
	<u>50</u>

The same component is available in the market at Rs 45. Should the firm manufacture it or buy it from the market?

15. 75 units of a commodity were transferred from Process A to Process B at a cost of Rs 1,308. The additional expenses incurred by the process were Rs 202. Of the units entered to the process, 20% are normally lost and sold at Rs 4 per unit. The actual output of the process was 70 units. Calculate the value of abnormal gain and prepare abnormal gain account.

16. From the following information prepare a cash budget for April, May and June 2017.

month	sales	purchase	wages	expenses
Feb	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	77,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

Additional information:-

1. Period of credit allowed by suppliers- two months
2. 25% of sales is for cash and period of credit allowed for credit sales- one month
3. Delay in payment of payment of wages and expenses – one month
4. Income tax to be paid Rs 25,000 in June 2017
5. Cash balance on 1st April 2017 was Rs 25,000

17. The following relate to a concern.

Total units produced and sold	1,000
Selling price per unit	Rs 20
Variable cost per unit	Rs 12
Fixed cost	Rs 4,000

Calculate:-

i. P/V ratio
ii. Sales required to earn a profit of Rs 8,000
iii. Units to be sold to get a profit of Rs 12,000
iv. Profit when sales are Rs 50,000
v. Profit when sales are Rs 30,000 (5 x 5 = 25)

SECTION C

*Answer **any three** questions. Each question carries **ten** marks.*

18. Explain different methods of estimating profit/loss on incomplete contracts.
19. Explain the preliminaries for the installation of a system of budgetary control.
20. Chand Ltd furnishes you the following information relating to the year ended 30th June 2017.

	Rs
Fixed expenses	60,000
Sales	2,00,000
Profit	40,000

During the second half, the company has projected a loss of Rs 20,000. Calculate:

i. Breakeven point and margin of safety for the six months ended 30th June 2017.
ii. Expected sales volume for the second half of the year assuming that the P/V ratio and fixed expenses remain constant in the second half year
iii. Breakeven point and margin of safety for the whole year.

21. The finished product of a manufacturing company passes through two processes viz A and B. from the following information, prepare Process accounts.

	Processes (Rs)	
	A	B
Materials used	24,000	12,000
Direct labour	28,000	16,000
Production expenses	8,010	8,000
Input in Process (units)	20,000	
Output (units)	18,000	16,600
Normal wastage of input	5%	10%
Value of wastage per 100 units	16	20

22. The expenses budgeted for production of 1,00,000 units in a factory is furnished below.

	Rs (per unit)
Raw materials	10.08
Direct labour	3.00
Direct expenses	0.40
Factory overheads (60% fixed)	10.00
Administration expenses (80%fixed)	1.60
Sales overhead	0.80

Actual production in the period was only 60,000 units. Prepare a budget for original and revised level of output. (10 x 3 = 30)