Reg. No……………………………………………. Name……………………………………………

B.COM. DEGREE END SEMESTER EXAMINATION - MARCH 2020

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

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

(Common for Regular 2017 Admission & /Supplementary 2016 /2015 Admissions)

Time: Three Hours Max. Marks: 75

SECTION A

*Answer **all** questions. Each question carries **2** marks.*

1. What do you mean by job cost sheet?
2. State the features of batch costing.
3. What is work in progress in contract? How it is calculated?
4. Define construction contract.
5. Distinguish scrap from spoilage.
6. What is performance budgeting?
7. What is process account?
8. What are the limitations of absorption costing?
9. Sales during a particular period is Rs 20 lakhs. Its P/V ratio is 30% and fixed cost is Rs 4 lakhs. Calculate contribution and profit.
10. Compute economic batch quantity from the following information.

Annual demand for the part	1,600 units
Setting up cost	Rs 50
Cost of manufacturing one unit	Rs 40
Rate of interest per annum	10%

(2 × 10 = 20)

SECTION B

*Answer any **five** questions. Each question carries **5** marks.*

11. Explain the treatment of plant and machinery in contract accounts.
12. What is ZBB? What are the steps involved in it?
13. Up to 31st December 2018, Rs 2, 26,000 has been spent on contract no 123. Value of work certified has been Rs 3, 00,000. The cost of work done but not certified id Rs 6,000. It is estimated that the contract will take further three months to complete and will necessitate the additional

expenditure of Rs 40,000. The total estimated expenditure is to include a provision of 5% for contingencies. The contract price is Rs 3, 50,000. Rs 2, 40,000 have been received to date. You are asked to calculate total profit, estimated profit and the proportion of profit to be taken to the credit of profit and loss account.

14. The following relate to a concern.

Variable cost per unit	Rs 12
Selling price per unit	Rs 20
Fixed cost	Rs 60,000

What should be the selling price per unit if breakeven point is brought down to 6,000 units?

15. In a manufacturing concern, production of A yields by-products B and C. The joint expenses of manufacture are:- materials Rs 8,500, labour Rs 9,000 and overheads Rs 7,500. Subsequent expenses are as follows.

	A	**B**	**C**
Materials	2,500	1,200	1,400
Labour	1,900	1,600	2,000
Overheads	1,500	900	1,050
Sales	30,000	20,000	15,000
Profit on sales	40%	30%	25%

Show the apportionment of joint expenses and ascertain the profit of each product.

16. ABC Co. Ltd wishes to arrange overdraft facilities with its bankers during the period April to June 2019. Prepare a cash budget for the above period, indicating the extent of bank facilities the company will require at the end of each month.

Month	Sales	Purchase	Wages
Feb	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

All purchases and sales are on credit basis. 50% of credit sales are realized in the month following the sales and the remaining 50% in the second month following. Creditors are paid in the month following the month of purchase. Payment of wages is made in the following month. Cash at bank on 1st April is estimated to be Rs 25,000.

17. The following data relates to Job No. 505.

Materials (Rs)	50,000
Wages (Rs)	30,000
Chargeable expenses (Rs)	10,000

Calculate factory overheads at 20% of wages and office and administrative overheads at 5% of factory cost. Ascertain the total cost of the job. (5 × 5 = 25)

SECTION C

*Answer any **three** questions. Each question carries **10** marks.*

18. What are the different methods of apportionment of joint cost?
19. What is cash budget? How it is prepared?
20. The expenses budgeted for production of 10,000 units in a factory is furnished below.

Rs (per unit)

Direct materials	70
Direct labour	25
Variable overheads	20
Fixed overheads (Rs 1, 00,000)	10
Variable expenses (Direct)	5
Selling expenses (10% fixed)	13
Administration expenses (Rs 50,000)	5
Distribution expenses (20% fixed)	7
Total cost	155

Prepare a budget for production of –

a. 6,000 units

b. 8,000 units.

Assume administrative expenses are rigid for all levels of production.

21. A contractor makes up his accounts on 31st December each year. He commenced a contract on 1st April 2018. The following information relate to the contract on 31st December 2018.

	Rs
Materials	21,500
Labour	50,110
Direct expenses	6,310

A machine costing Rs 15,000 has been on site for 73 days. Its working life is estimated at 5 years and final scrap value is Rs 1,000. A supervisor, who is paid Rs 12,000 p.a. has spent approximately half of his time on this contract.

All other expenses amounted to Rs 12,610. Materials at site at the end of the year cost Rs 2,478. The contract price is Rs 2,00,000. On 31st December 2018, 2/3 of the contract was completed. Architects certificate has been issued covering Rs 1,00,000 and Rs 80,000 have so far been paid on account.

Prepare contract account and show how much profit or loss should be included in the financial accounts for the year ended 31st December 2018.

22. The finished product 'X' of a manufacturing company passes through three processes viz. I, II and III. You are required to prepare Process accounts from the following information.

	Processes (Rs)		
	I	II	III
Materials	5,200	3,960	5,924
Direct Wages	4,000	6,000	8,000
Actual output (units)	950	840	750
Normal loss	5%	10%	15%
Value of scrap per unit (Rs)	4	8	10

Production overheads amounted to Rs 18,000 to be distributed as 100% on direct wages. 1,000 units @Rs 6 per unit were introduced in Process I. (10 x 3 = 30)