Name.. Reg. No...

B. Com DEGREE END SEMESTER EXAMINATION MARCH 2017

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

COURSE: **U6CRCOM15 –: APPLIED COST ACCOUNTING**

(For Regular - 2014 Admission)

Time: Three Hours *Max. Marks: 75*

PART A

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

1. What is job costing?
2. Explain abnormal loss.
3. What is process costing?
4. What is budget manual?
5. What is performance budgeting?
6. What is notional profit?
7. What is margin of safety?
8. What is Zero Base Budgeting?
9. What do you mean by key factor?
10. What is scrap?

(1 x 10 = 10)

PART B

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

11. Compute Economic Batch Quantity from the following.

    Annual demand for the product 40000 units

    Setting up cost Rs.100

    Cost of production per unit Rs. 20

    Rate of interest per annum 10%
12. State any four advantages of budgetary control.
13. Distinguish between process costing and job costing.
14. Calculate P/V ratio and Fixed Cost from the following.

    Sales Rs. 2,00,000, Profit Rs. 25,000, Variable cost is 80% of sales.
15. Following information is extracted from the job ledger in respect of Job Number 123.

Materials: Rs. 6,800.

Wages 80 hours at Rs. 5 per hour.

Variable overheads incurred for all jobs Rs. 1,00,000 for 4000 labour hours.

Find out the profit if the job is billed for Rs. 9,000

16. Distinguish between joint products and by products.
17. State the essentials of budgetary control.
18. State any four advantages of Break Even Chart.
19. State the prerequisites of job order costing.
20. Explain the features of contract costing.

(2 x 8 = 16)

PART C

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

21. Explain the advantages and disadvantages of marginal costing.
22. Differentiate between Fixed budget and Flexible budget.
23. If margin of safety is Rs. 2,40,000 (40% of sales) and P/V ratio is 30%.

    Calculate a) Breakeven point and b) Amount of profit on sales Rs.9,00,000.
24. Following information are related to a Contract of Rex Construction Ltd. for the year ending 31st

    March 2016

    Direct Material Rs. 3,00,000

    Direct wages Rs. 2,20,000.

    Direct expenses Rs.1,70,000

    Indirect expenses Rs. 50,000

    The contract price was Rs.12,00,000. The cash received on 31st March 2016 amounted to Rs.6,00,000 being 75% of work certified. The work uncertified was valued at Rs.40,000. Prepare Contract Account and find out the profit to be credited to Profit and Loss Account.
25. From the following particulars relating to Process X, prepare Process Account and Abnormal loss

    Account

    Units introduced 2000 @ Rs. 20 per unit.

    Labour cost Rs.10,000.

    Manufacturing overhead Rs.15,000

    Normal loss is 10% of input. Sale of scrap is @ Rs.5 per unit. Units produced 1700.

26. From the following information, prepare cash budget for the three months April, May and June 2016.

Months	Sales Rs.	Purchases Rs.	Wages Rs.	Other Expenses Rs.
February	90,000	66,000	4,000	6,000
March	80,000	60,000	4,000	6,000
April	96,000	88,000	6,000	7,000
May	1,00,000	60,000	5,000	8,000
June	1,20,000	70,000	6,000	7,200

Additional information

a) Customers are allowed a credit period of one month.

b) Creditors allow a time lag of two months for making payment.

c) Wages of a month are paid in the next month.

d) Other expenses of a month are paid in the first week of the next month.

e) Machinery is bought for cash in May for Rs.32,000.

f) Balance of cash on 1st April 2016 is Rs.8,000.

g) All purchases and sales are on credit terms.

27. Two products P and Q are obtained in a crude form and require further processing at a cost of Rs.5 for P and Rs.4 for Q per unit before sale. Assuming a net margin of 25% on cost, their sale prices are fixed at Rs.13.75 and Rs. 8.75 per unit respectively. During the period , the joint cost was Rs.88,000 and the output were:

P 8,000 units

Q 6,000 units

Ascertain the joint cost per unit.

(5 x 5 = 25)

PART D

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

28. The sales turnover and profit of M/s Anand Ltd. during the two years 2015 and 2016 were as follows

Year	Sales (Rs.)	Profit (Rs.)
2015	4,50,000	60,000
2016	5,10,000	75,000

You are required to calculate.

1. Profit Volume ratio.
2. Sales at which company will neither lose nor gain anything.
3. Sales required to earn a profit of Rs.1, 20,000
4. The profit made when sales are Rs.7, 50,000.

29. X Ltd. Produces a product with the help of three processes. The following are the information available in the cost records of the company.

	Process A	Process B	Process C
Materials (Rs.)	20,000	43,800	81,400
Wages (Rs.)	80,000	60,000	1,00,000
Normal Loss as a percentage of input	10%	10%	5%
Value of scrap per Kgm (Rs.)	10	5	20
Actual output (Kgm)	18,000	16,400	15,500
Overhead as %of labour	50%	100%	40%

In Process A, 20,000 Kgm. are introduced @ Rs. 30 per Kgm.

Prepare Process Account, Abnormal loss account and Abnormal gain account.

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

	(Per unit Rs.)
Material	50
Labour	20
Variable over heads	15
Fixed overheads (Rs. 50,000)	10
Administrative expenses (5% variable)	10

Selling expenses (20% Fixed)	6
Distribution expenses (10% Fixed)	5
Total cost	116

You are required to prepare a budget for production of 7000 units and 10,000 units.

31. What is budgetary control? Enumerate the steps involved in budgetary control.

(12 x 2 = 24)

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