

B.COM. DEGREE END SEMESTER EXAMINATION - APRIL 2021**SEMESTER –6: COMMERCE (CORE COURSE)****COURSE: 15U6RCOM15: APPLIED COST ACCOUNTING**

(Common for Regular 2018 Admission & Improvement 2017/Supplementary 2017/2016 /2015 Admissions)

Time: Three Hours

Max. Marks: 75

SECTION A

Answer all questions. Each question carries 2 marks.

1. What is specific order costing?
2. What is extra work in contract accounts? Explain its treatment.
3. What are the limitations of job costing?
4. State the features of contract costing.
5. What is process costing?
6. What is master budget?
7. What is principal budget factor?
8. What is break even chart?
9. The following relate to a concern for the successive periods.

Year	Sales (Rs)	Profit(Rs)
2016	2,00,000	60,000
2017	3,00,000	1,10,000

Calculate:

- i.P/V ratio
 - ii.Fixed cost
 - iii.Profit at a sale of R 4,00,000
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 p a. 5%
Also calculate interval between two consecutive optimum runs.

(2 × 10 =20)

SECTION B

Answer any five questions. Each question carries 5 marks.

11. Explain the treatment of abnormal loss and abnormal gain in process costing.
12. Distinguish between fixed and flexible budget.

13. How much of profit if any would you allow to be considered in the following case?

	Rs
Contract cost	2,80,000 up to date
Contract value	5,00,000
Cash received	2,70,000
Uncertified work	30,000
Deduction from bill by way of security	10%

14. In the timber industry, the milling operations to the split off point during a period amounted to Rs 72,000 with the following production:-

First grade timber	3,000 units
Second grade timber	6,000 units
Third grade timber	3,000 units

Apportion the joint cost on average unit cost method.

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

	<u>Rs</u>
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?

16. Prepare a flexible budget for 80% and 100% activity.

Production at 50% capacity	5,000 units
Raw materials	Rs 80 per unit
Direct labour	Rs 50 per unit
Expenses	Rs 15 per unit
Factory expenses	Rs 50,000 (50% variable)
Administrative expenses	Rs 60,000 (60% variable)

17. Product X can be produced by Machine A or Machine B. Machine A can produce 15 units of X per hour and B makes 25 units per hour. The total machine hours available are 7,500 hours per annum. From the following data you are required to determine the profitable method of manufacture.

	Per unit of Machine A	Per unit of Machine B
Direct materials	30	30
Direct labour	15	20
Variable overhead	17	22
Fixed cost	8	8
Total cost	70	80
Selling price	75	75

(5 × 5 = 25)

SECTION C

Answer any three questions. Each question carries 10 marks.

18. Explain the methods of apportionment of cost of joint products and by products.
19. "Marginal costs are primarily used in guiding decisions yet to be made." Explain the statement.
20. Brown and Co. began to trade on 1st January 2018. During the year the company was engaged on only one contract, the contract price of which was Rs 1, 50,000. Of the plant and materials charged to contract, portion of plant which cost Rs 1,500 and materials cost Rs 1,200 were lost.

On December 2018, plant costing Rs 1,500 was returned to store, the cost of work done but not certified was Rs 600 and materials costing Rs 1,200 were in hand on site.

Charge 10% depreciation on plant; reserve 1/3 of profit received, prepare contract account and balance sheet from the following trial balance.

	Rs.	Rs.
Share capital		36,000
Creditors		3,000
Cash received on contract (80% of work certified)		60,000
Land & building	12,900	
Bank balance	7,500	
Materials	27,000	
Plant	7,500	
Wages	42,000	
Expenses	2,100	
Total	99,000	99,000

21. The finished product of a manufacturing company passes through three processes viz. A, B and C. The normal wastage in each process is 5%, 15% and 20% respectively. The wastage of process A is sold at Rs 2 per unit, B at Rs 5 per unit and C at Rs 10 per unit. The details of cost data are given below.

	Processes (Rs)		
	A	B	C
Units introduced (@ Rs 100 per unit)	10,000		
Materials used	10,000	15,000	5,000
Direct labour	30,000	80,000	65,000
Direct expenses	6,000	18,150	27,200
Selling price per unit	120	165	250
Output in units	9,300	5,400	2,100

Manufacturing expenses during the year were Rs 80,000 and selling expenses Rs 50,000. These are not to be allocated to the processes. 2/3 of the output of Process A and 1/2 of the output of B was passed on to the next process and the balance was sold. The entire output of C was sold.

Prepare process accounts and the statement of profit.

22. From the following information obtained from the books of Maruthy Ltd., prepare a cash budget for the quarter ending 30th June 2017.

Month	Sales	Purchases	Wages	Expenses
Jan.	80,000	45,000	20,000	5,000
Feb	80,000	40,000	18,000	6,000
March	80,000	42,000	22,000	6,000
April	80,000	50,000	24,000	7,000
May	80,000	45,000	20,000	6,000
June	80,000	35,000	18,000	5,000

Additional information:

1. Advance payment of income tax in May Rs 4,000. Purchase of plant in April Rs 10,000.
2. Rent Rs 300 payable each month not included in 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 two months.
5. Time lag in wages and expenses- ½ month
6. Cash balance on April 1st- Rs 13,000

(10 x 3 =30)
