Reg. No .... Name **24U609**

B.COM DEGREE END SEMESTER EXAMINATION - MARCH 2024

SEMESTER 6 - COMMERCE

COURSE : **19U6CRCOM19 - APPLIED COST ACCOUNTING**

(For Regular - 2021 Admission and Supplementary -2020/2019 Admissions)

Time : Three Hours Max. Marks: 75

PART A

Answer any 10 (2 marks each)

1. From the following information, find out P/V ratio and margin of safety:

Sales	Rs.10,00,000
Variable cost	Rs.4,00,000
Fixed cost	Rs.4,00,000

2. A customer has been ordering 60,000 special design metal columns at the columns at the rate of 18,000 per order during the past years. The production cost comprises `120 for material, ` 60 for labour and `20 for fixed overheads. It costs ` 1500 to set up for one run of 18,000 column and inventory carrying cost is 15% since this customer may buy at least 5000 columns this year, the company would like to avoid making five different production runs. Find the most economic production run.
3. Distinguish between forecast and budget.
4. Calculate work certified if: (a) contract price Rs. 4,00,000 work certified 80%. (b) Cash received Rs. 8,00,000 being 80% of work certified.
5. Explain the main features of job costing.
6. What is cost volume profit analysis?
7. A truck starts with a load of 10 tonnes of goods from station P. It unloads 4 tonnes at station Q and rest of the goods at station R. It reaches back directly to station P after getting reloaded with 8 tonnes of goods at station R. The distances between P to Q, Q to R and then from R to P are 40, 60 and 80 km respectively. Compute absolute tonne-km and commercial tonne -km.
8. State the important functions of budget committee.
9. When coal is converted into coke, what are the main products which arise? Which of these will be main product or by- products?
10. What is break even point?
11. Explain the procedure of contract costing.
12. Find out abnormal loss/gain units
Input : 5,000 units , Normal Loss : 20% , Output : 4,300 units

(2 x 10 = 20)

PART B

Answer any 5 (5 marks each)

13. Explain cost volume profit analysis.
14. The following costs were incurred on job number 1350
Direct materials 14,050
Direct wages Department A - 30 hours at ₹20 per hour
Department B -40 hours at ₹18 per hour
Department C -25 hours at ₹30 per hour
Overheads for the three departments were estimated as follows
Department A ₹15,000 for 3000 hours
Department B ₹10,000 for 2500 hours
Department C ₹6000 for 2000 hours
Fixed overheads are estimated at ₹12,000 for 10,000 working hours.

You are required to calculate the cost of job number 1350 and the price of job to give profit of 25 percentage on selling price.

15. From the following particulars calculate:
a) contribution b) P/V ratio c) BEP in units and rupees
d) What will be the Selling Price per unit if the BEP is brought down to 25,000 units?
e*)How many units are to be sold to earn a net income of 20% on sales?*
Fixed Cost = 1,50,000 variable cost per unit = 10 Selling Price per unit = 15

16. A transport company is running 4 buses between two cities which are 50 kms apart. Seating capacity of each bus is 40 passengers. The following particulars were obtained from their books **for the month** of April 2019:

	Rs.
Wages of Driver, conductor and cleaner	1,20,000
Salaries of office and supervisory staff	50,000
Cost of diesel and oil	2,00,000
Repairs and Maintenance	40,000
Insurance and tax	80,000
Depreciation	1,30,000
Interest and other expenses	1,00,000

	7,20,000

Actual passengers carried were 75% of the seating capacity. All the four buses run on all the days for the month. Each bus made one round trip per day. Find out cost per passenger kilometre.

17. Write a note on performance budgeting.

18. a) Distinguish between joint product and by-products?
b) What are the different methods of allocating joint costs and accounting for by-products.

19. ABC Company Ltd has given the following particulars. You are required to **prepare a cash budget** for the three months ending 31st December 2013:

a)

Months	Sales	Materials	Wages	Overheads
Aug	20,000	10,200	3,800	1,900
Sep	21,000	10,000	3,800	2,100
Oct	23,000	9,800	4,000	2,300
Nov	25,000	10,000	4,200	2,400
Dec	30,000	10,800	4,500	2,500

b) Credit terms are:
Sales/Debtors -10% sales are on cash basis,50% of the credit sales are collected next month and the balance in the following month:
Creditors -Materials 2 months
-Wages 1/5 month
-Overheads ½ month

c) Cash balance on 1st October,2013 is expected to be Rs.8000.
d) A machinery will be installed in August,2013 at a cost of Rs.1,00,000.The monthly Instalment of Rs.5000 is payable from October onwards.
e) Dividend at 10% on preference share capital of Rs.3,00,000 will be paid on 1st December2013.
f) Advance to be received for sale of vehicle Rs.20,000 in December.
g) Income Tax (advance) to be paid in December Rs. 5000.

20. What is abnormal loss and abnormal gain? Explain the treatment of abnormal loss and abnormal gain in process cost accounts.

(5 x 5 = 25)

PART C

Answer any 3 (10 marks each)

21. Mr. Varma undertook a contract for constructing a building at a contract price of Rs 1,00,000. His account books show the following regarding this contract for the year ended 31/12/2021

	Rs
Materials issued from store	20,000
Wages paid	8,000
Wages outstanding	1,000
Plant issued to contract on 1/7/2021 for a period of six months only	40,000
Indirect expenses	2,000
Sub contract costs	5,000
Materials at site at the end	2,000
Cash received being 90% of the work certified	54,000
Work done but not yet certified	3,000

Plant costing Rs 5,000 was sold on 31/10/2021 for a sum of Rs 4,000 .The plant is to be valued after charging a depreciation of 12% p.a

Extra work was done and completed on this contract (not included in the terms of the contract). A sum of Rs 6,000 was agreed to be paid for it separately, and the cost of this work to the contractor was Rs 4,500 only.

Prepare contract account and show the amount of profit to be credited to profit and loss account reasonably on cash received basis.

22. A company manufactures and markets three products A, B and C. All the three products are made from the same set of machines. Production is limited by machine capacity. From data given below indicate the priority for products A, B and C with a view to maximizing profits.

	Product A	Product B	Product C
Raw Material cost per unit	2.25	3.25	4.25
Direct labour cost per unit	0.50	0.50	0.50
Other Variable cost per unit	0.30	0.45	0.71
Selling price per unit	5.00	6.00	7.00
Standard machine time required per unit	39 minutes	20 minutes	28 minutes

In the following year the company faces extreme shortage of raw materials. It noted that 3 kg, 4 kg and 5 kg. of raw materials are require to produce one unit of A,B and C respectively. How would products priorities change?

23. What is performance budgeting? Describe the various steps in performance budgeting. Explain two advantages and disadvantages.

24. The product of a company passes through three distinct processes to completion . They are known as A, B and C. From past experiences it is ascertained that loss is incurred in each process as :

Process A—2 %; Process B—5 %; process c—10 %.

In each case the percentage of loss is computed on the number of units entering the process concerned.

The loss of each process possesses a scrap value . The loss of processes A and B is sold at Rs. 5 per 100 units and that of process C at Rs. 20 per100 units.

The output of each process passes immediately to the next process and the finished units are passed from process C into stock.

	Processes		
	A (Rs)	B (Rs.)	C (Rs.)
Raw material consumed	6,000	4,000	2,000
Direct wages	8,000	6,000	3,000
Manufacturing Expenses	1,000	1,000	1,500

20,000 units have been issued to Process A at a cost of Rs. 10,000. The output of each process has been as under:

Process A : 19,500

Process B : 18,800

Process C : 16,000

There is no work in progress in any process.

Prepare necessary accounts

25. 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)