Reg. No .... Name **25U609**

B. COM. DEGREE END SEMESTER EXAMINATION - MARCH 2025

SEMESTER 6 : COMMERCE

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

(For Regular 2022 Admission and Supplementary 2021/2020/2019 Admissions)

Time : Three Hours Max. Marks: 75

PART A

Answer any 10 (2 marks each)

1. What is normal loss?
2. What is principal budget factor?
3.

Profit volume ratio	40%
Margin of safety	50%
Sales	Rs.8,00,000

Find out:
a) Net profit
b) B.E.P

4. Explain non-cost methods of by- products.
5. Define job costing.
6. Chennai City Corporation employs 200 trucks for garbage clearance. Their capacities are as follows:

40 trucks	6 tons
80 trucks	5 tons
80 trucks	4 tons

The trucks operate on all 30 days a month, making 5 trips a day, covering 10 kms in each trip. They carry an average 80% capacity load. On average 20% of the vehicles in garage for maintenance work.
Calculate the ton-kilometres per month.

7. From the following information, calculate Economic Batch Quantity for a company using batch costing:
Annual demand for the components 2,400 units
Setting up cost per batch 100
Manufacturing cost per unit 200
Carrying cost per unit 6% p.a.
8. What is margin of safety?
9. What is budgeting?
10. Explain the treatment of work certified and work uncertified in contract accounts.
11. What is break even chart?
12. Calculate the profit which can be credited to profit and loss account:

Notional profit	Rs.79,000
Work certified	Rs.4,00,000
Cash received	Rs.3,30,000
Contract price	Rs.6,00,000

(2 x 10 = 20)

PART B
Answer any 5 (5 marks each)

13. Following information has been extracted from the costing record of Jai Engineering Works in respect of Job No.28.

    Materials Rs.3,450.

    Wages

    Department A 60 hours @Rs3 per hour

    Department B 40 hours @Rs2 per hour

    Department C 20 hours @Rs4 per hour

    Overhead expenses for three departments are estimated as follows.

    Variable overheads

    Department A Rs.4,000 for 4,000 direct labour hours

    Department B Rs.3,000 for 1,500 direct labour hours

    Department C Rs.1,000 for 500 direct labour hours

    Fixed overhead:

    Estimated at Rs.10,000 for 10,000 normal working hours.

    You are required to calculate the cost of Job No. 28 and find out the price to be charged so as to give a profit of 20% on selling price.

14. What are the by-products? How will you classify by-products according to marketable condition at the split-off points?

15. Define budgetary control. What are its advantages and limitations?

16. Mr. Puttanna runs a tempo service in the city. He furnishes you with the following data and wants you to compute the cost per running km.

Particulars	Rs.P.
Cost of vehicle	25,000
Road licence fee per annum	750
Supervisor’s salary per annum	1,800
Driver’s wage per hour	4
Cost of fuel per litre	6.50
Repairs & maintenance per km	1.50
Tyre allocation per km	2.00
Garage rent per annum	3,200
Annual insurance premium	1,200
Km. run per litre	6
Km. run during the year	12,000
Estimated life of vehicle in km	1,00,000

The vehicle runs 20 km per hour on an average.

17. 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

18. 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

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

20. Distinguish between marginal costing and absorption costing.

(5 x 5 = 25)

PART C

Answer any 3 (10 marks each)

21. Explain the usefulness of cost volume profit analysis to the management of a company.

22. A product passes through two processes A and B. The output of A passes on to B and that of B becomes the finished products. From the other details given below, prepare necessary accounts.

	Process A	Process B
Material consumed (Rs.)	48,000	24,000
Direct Labour (Rs.)	56,000	32,000
Manufacturing expense (Rs.)	16,020	16,000
Input process A	40,000	-
Output (units)	36,000	33,200
Normal wastage	5 %	10%
Scrap value (per unit) for normal wastage per 100 units (Rs.)	32	40

23. Two businesses Y Ltd and Z Ltd. sells the same type of product in the same type of market. Their budgeted Profit and Loss account for the coming years are as follows:-

	Y Ltd.	Z Ltd.
Sales	1,50,000	1,50,000
Less: VC	1,20,000	1,00,000
Contribution	30,000	50,000
Less: Fixed Cost	15,000	35,000
Budgeted Net Profit	***15,000***	***15,000***

Calculate:

a) Break Even Point of each business
b) Calculate sales volume at which each of the business will earn Rs.5,000 profit.
c) Calculate at which sales volume both the business will earn equal profit.

State which business is likely to earn greater profit in condition of (a) heavy demand for the product (b) lower demand for the product and briefly give your reasons.

24. The cost of an article at a capacity level of 5,000 units is given under A below. For a variation of 20% in capacity above or below this level, the individual items vary as indicated under B below.

	A	B
Material cost	25,000	(100% varying)
Labour cost	15,000	(100% varying)
Power	1,250	(80% varying)
Repairs and maintenance	2,000	(75% varying)
Stores	1,000	(100% varying)
Inspection	500	(20% varying)
Depreciation	10,000	(100% varying)
Admn. Overheads	5,000	(25% varying)
Selling Overheads	3,000	(25% varying)
Total	**62,750**	

Cost per unit Rs.12.55

Find the unit cost of the product at production levels of 4,000 units and 6,000 units.

25. Skyline Builders undertook two contracts during 2019. The first contract on 1st January and the second contract on 1st July. The accounts of the company follow the calendar year. On 31.12.2019, the position regarding to the two contracts was as under.

	Contract no 1	Contact no 2
Contact price	20,00,000	13,50,000
Materials used	3,60,000	2,90,000
Wages paid	5,50,000	5,62,000
Other expenses	20,000	14,000
Plant at site	1,00,000	80,000
Unused materials	20,000	20,000
Wages outstanding	17,000	18,000
Other expense outstanding	3,000	2,000
Work certified	10,00,000	8,00,000
Cash received	7,50,000	6,00,000
Work completed but not yet certified	30,000	40,000

Plant at site is subject to depreciation at 10% p.a. Prepare contract account of each work.

(10 x 3 = 30)