

B. COM. DEGREE END SEMESTER EXAMINATION - MARCH 2026**SEMESTER 6 : COMMERCE****COURSE : 19U6RCOM19 : APPLIED COST ACCOUNTING***(For Regular 2023 Admission and Supplementary 2022/ 2021/ 2020 /2019 Admissions)*

Time : Three Hours

Max. Marks: 75

PART A**Answer any 10 (2 marks each)**

1. Calculate cash received if: (a) work certified Rs. 8,00,000, payment received from the Contractee 80%. (b) Contract price Rs. 12,00,000, work certified 80%, payment received from the Contractee 90%.
2. The cost of production of 40 units consuming materials Rs 1,500 ; labour Rs 1,300 and overhead Rs 164. The normal waste is 5% of input. Show the process A/c.
3. Delhi Corporation arranges for the removal of its garbage by means of motor vehicle transport. The following vehicles are maintained:

NUMBER OF VECHILES	SPECIFICATIONS
10	5 Tonne lorries
15	4 Tonne lorries
25	3 Tonne lorries
20	2 Tonne lorries

On an average each lorry makes 6 trips a day and in each trip covers an average distance of 5 kms. Each lorry carries garbage of 60% of its capacity. On an average, 20% of lorries are laid up for repairs. The conservancy work is carried out daily. Calculate tonne kilometre utilized for removal of garbage per month.

4. State the main objectives of job costing.
5. What are joint costs?
6. Explain the advantages of performance budgeting.
7. What is break even point?
8. Distinguish between fixed budget and flexible budget.
9. Distinguish between prime cost and marginal cost.
10. Explain the different methods of computation of profit on incomplete contracts.
11. 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.
12. Fixed cost Rs.8,000; Profit Rs.2,000; BEP Rs.40,000. Find the actual sales.

(2 x 10 = 20)**PART B****Answer any 5 (5 marks each)**

13. Explain the concept and important features of zero base budgeting.

14. The profit volume (P/V) ratio of BB & Co. dealing in precision instruments is 50% and the margin of safety is 40 %. You are required to work out the break even point and the net profit if the sale volume is Rs. 50 Lakhs.

15. From the following data calculate cost per kilometre of a vehicle

	Rs.
Value of vehicle	15,00,000
Road Tax and License fee per year	50,000
Insurance charges per year	10,000
Garage rent per year	60,000
Driver's wages per month	20,000
Cost of petrol per litre	80
Proportionate charges for tyre and maintenance per km	20
Kilometres per litre	8
Estimated life	1,50,000 kms
Estimated annual mileage	6,000 kms

16. **Prepare a cash budget** for the 3 months ending 30th June 2021 from the following information.

MONTH	SALES	MATERIALS	WAGES	OVERHEADS
FEBRUARY	14,000	9,600	3,000	1,700
MARCH	15,000	9,000	3,000	1,900
APRIL	16,000	9,200	3,200	2,000
MAY	17,000	10,000	3,600	2,200
JUNE	18,000	10,400	4,000	2,300

The credit terms are

1. Sales / debtors – 10% sales are on cash basis 50% of credit sales are collected next month and balance in the following month
2. Creditors :-
 - Materials – 2 months
 - Wages – ¼ months
 - Overheads – ½ months
3. Cash and bank balance on 1-4-2021 is expected to be 6,000
4. Other relevant information are :-
 - a) Plant & Machinery will be installed in February 2021 at a cost of 96,000/-. The monthly installment of Rs.2,000 is payable from April onwards.
 - b) Dividend @ 5 % on Preference Share Capital of 2,00,000/- will be paid on 1st June
 - c) Advance to be received for sale of vehicle 9,000/-in June
 - d) Dividend from investments amounting to 1,000/- are expected to be received in June
 - e) Income tax (advance) to be paid in June is Rs.2,000.

17. What is P/V ratio? How is it calculated? Also, state its impact on profitability.

18. Define joint products. Explain the various methods for apportioning of joint costs to joint products. Give examples of each.

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

20. Following information is extracted from the job ledger, in respect of job 707:

Materials ₹ 3,400

Wages:

Dept, A: 80hours at ₹ 2.50 per hour

B: 60 hours at ₹ 4 per hour

Variable overheads:

Dept. A: ₹ 5,000 for 4,000 direct hours

B: ₹ 6,000 for 3,000 direct hours

Fixed overheads:

₹ 7,500 for 10,000 hours of normal working time of the factory. Calculate the cost of job No. 707 and estimate the percentage of profit if the price is quoted is ₹ 4,750

(5 x 5 = 25)

PART C

Answer any 3 (10 marks each)

21. 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?

22. The product of Alpha Company Ltd. pass through 3 processes X, Y & Z. the normal wastage of the three process are 2%, 5% & 10% respectively which are to be calculated on the number of units that enter into each process. The scrap value of each process are Rs.10, Rs.40 & Rs.20 per 100 units respectively. It is assumed that output of each process is transferred to next process. Prepare process accounts on the basis of the following information.

	X	Y	Z
Materials consumed	6,000	2,000	2,000
Direct labour	4,000	3,000	3,000
Manufacturing expenses	1,000	2,000	1,000

10,000 units were put into process X at a cost of Rs.8,000. the output of each process has been

X – 9,800 units	Y – 9,200 units	Z – 8,350 units
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23. Modern contractors have undertaken the following two contracts on 1st January,2021:

	Contract A ₹	Contract B ₹
Materials sent to sites	85,349	73,267
Labour engaged on sites	74,375	68,523
Plants installed at sites at cost	15,000	12,500
Direct Expenditure	3,167	2,859
Established charges	4,126	3,852
Materials returned to store	549	632
Work certified	1,95,000	1,45,000
Cost of work not certified	4,500	3,000
Materials in hand 31st Dec , 2021	1,883	1,736
Wages accrued 31st Dec , 2021	2,400	2,100
Direct Expenditure accrued 31 st Dec , 2021	240	180
Value on plant 31 st Dec , 2021	11,000	9,500

The contract price have been agreed at ₹ 2,50,000 for the contract A and ₹2,00,000 for contract B. Cash has been received from the contractee's as follows: Contract A ₹1,80,000 and contract B ₹1,40,000.

Prepare contract account , contractee's accounts and show how the work in progress shall appear in the Balance Sheet of the contractor.

24. The expenses of production of 500 units in a factory are given as follows :

	Per unit
Materials	80
Labour	60
Variable overhead (Factory)	15
Fixed Factory overhead (5000)	10
Administrative expenses (20% variable)	10
Selling and administration expenses (50% fixed)	10
Total cost per unit	185

Prepare a flexible budget for 600 units.

25. Explain zero base budgeting. What are its advantages and disadvantages?

(10 x 3 = 30)