E 1968 (Pages : 4) Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, APRIL 2021

Sixth Semester

Core Course 15—APPLIED COST ACCOUNTING

[Common for Model I B.Com., Model II B.Com. and U.G.C. Sponsored B.Com.]

(2013—2016 Admissions)

Time : Three Hours Maximum Marks : 80

Part A

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

1. What is meant by a cost center ?
2. What do mean by a Budget manual ?
3. What is meant by BEP ?
4. What is meant by abnormal loss ?
5. What is a By-product ?
6. What is semi variable cost ?
7. What is meant by Escalation clause ?
8. What is meant by angle of incidence ?
9. What is meant by Batch costing ?
10. What is cost of sales ?

(10 × 1 = 10)

Part B

Answer any **eight** *questions.*
Each question carries 2 *marks.*

11. What is meant by retention money ?
12. Explain the uses of budgetary control.
13. Explain how normal loss is dealt with in process costing.
14. Draw an illustrative Break-Even Chart.
15. Explain the term joint products with examples.

Turn over

16. What is meant by Contract Costing ?

17. What is meant by Marginal Costing ?

18. Find out BEP from the following information :

Sales Rs. 50,00,000, Fixed Expenses - Rs 5,00,000, Variable Costs - Rs 30,00,000.

19. From the following data prepare a production budget for the month of January 2021 :

	Product A	Product B
Opening stock	5000 units	7000 units
Sales estimated	10000 units	12000 units
Closing stock	2000 units	5000 units

20. From the following data find out the P/V ratio :

Sales - Rs. 40,00,000, Variable cost - Rs. 22,00,000, Profit Rs. 6,00,000.

21. What is work in process in contracts ? How it is calculated ?

22. Calculate EBQ from the following information :

Annual demand - 10000 units, Set up costs Rs. 200,

Cost of manufacture per unit - Rs. 180, Rate of interest p.a. - 8%

(8 × 2 = 16)

Part C

Answer any **six** *questions.*
Each question carries 4 marks.

23. Explain make or buy decision with an example.

24. State the essential features of Budgetary Control System.

25. Prepare the Cost Statement with the following data :

Sales - 2,00,000 selling expense - 15,000 Cost of material - 40,000

Direct wages - 60,000 Other Expenses : Manufacturing - 25,000 Miscellaneous - 10,000

Rent, rates and taxes - 5,000

Material unused worth 2800 and finished good unsold amount to 12,800.

26. A product passes through 3 processes. During March 2018,1000 finished units were produced with the following expenditure :

	Process A (Rs.)	Process B (Rs.)	Process C (Rs.)
Direct material	1,500	2,600	2,000
Direct wages	5,000	4,000	3,000

Overhead expenses amounted to Rs. 6,000. They are apportioned on the basis of direct wages. Main raw materials issued to process A (besides above) were worth Rs. 6,000. Prepare Process accounts.

27. A toy manufacturing company places the following information :

		Sales	*Profit*
2012	..	20,000	1,000
2013	..	18,000	400

Find out : a) fixed cost ; b) p/v ratio ; and c) margin of safety at a profit of Rs. 1,600.

28. The following information is provided regarding a contract in progress :

	Rs.	State of completion %
Erection of cost to date	7,500	25
Fabrication cost-material	60,000	60
Fabrication cost -wages & other expenses	47,500	50
Contract value	Rs. 2,00,000	

Calculate : (i) estimated profit or loss at the completion of the contract ; (ii) estimated profit or loss to date.

29. Discuss how marginal costing principles can be used in : (1) Accepting additional orders ; (2) Price fixation.

30. Discuss the various methods to identify fixed cost in semi variable cost.

31. With the following data for a 75% activity prepare the flexible budget for production at 90% activity. Also compute cost per unit.

Production at 75% capacity	..	600 units,
Material	..	Rs. 200 unit
Labour	..	Rs. 80 per unit
Expenses (direct)	..	Rs. 20 per unit

Factory expenses Rs. 80,000 (40% fixed) administration expenses Rs. 30,000 (60% fixed).

(6 × 4 = 24)

Part D

Answer any **two** *questions.*
Each question carries 15 *marks.*

32. A glass manufacturing company requires you to calculate and present the budget showing profit for the next year from the following information :

Sales :

Toughened glass	..	Rs. 3,00,000
Bent toughened glass	..	Rs. 5,00,000
Direct material cost	..	60% of sales
Direct wages	..	20 workers @ Rs. 150 per month

Factory overhead :

Indirect Labour : Works Manager	..	Rs. 500 per month
Foreman	..	Rs. 400 per month
Stores and spares	..	2.50% on sales
Depreciation on machinery	..	Rs. 12,000
Light and power	..	Rs. 5,600
Repairs and Maintenance	..	Rs. 8,000
Other sundries	..	10% on direct wages
Administration, selling and distribution expenses	..	Rs. 14,000 per year

33. From the following particulars find out :

a) The Break-Even Point :

Variable cost per unit	..	Rs. 12
Fixed Expenses	..	Rs. 60,000
Selling price per unit	..	Rs. 18.

b) What should be the selling price per unit if the break-even point should be brought down to 6000 units ?

c) At what selling price would the sale of 15000 units yield a net profit of Rs. 45,000.

34. From the following information prepare a statement of cost and profit showing : (i) cost of raw material consumed ; (ii) prime cost ; (iii) total manufacturing cost ; (iv) factory manufacturing cost ; (v) cost of production ; (vi) cost of goods sold ; (vii) cost of sales ; and (viii) profit.

		1.1.2019	31.12.2019
Stock of raw materials	..	42,000	54,000
Stock of finished goods	..	1,00,000	1,50,000
Stock of work in progress	..	8,000	12,000

Transactions during the year :

	Rs.		Rs.
Salaries of sales man	1,00,000	Freight outward	20,000
Consumables	10,000	Power	30,000
Insurance on plant	3,000	Direct labour	3,00,000
Purchase of raw materials	4,00,000	Depreciation on machinery	50,000
Sales commission	60,000	Factory rent	60,000
Supervisory Labour	50,000	Property tax on factory building	11,000
Administration expenses	1,00,000	Sales	12,00,000

35. Discuss the behavioural aspects of budgeting. Also interpret ZBB as an approach towards productivity improvement.

(2 × 15 = 30)