E 3287 (Pages : 4) Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MAY 2022

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. Explain the term 'budget key factor'.
2. What do mean by a marginal costing ?
3. What is meant by angle of incidence ?
4. What is meant by normal loss ?
5. Explain the term spoilage.
6. What is meant by contract costing ?
7. What is a cost plus contract ?
8. What is absorption costing ?
9. What is a period cost ?
10. What is prime cost ?

(10 × 1 = 10)

Part B

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

11. What is meant by joint product ? Give example.
12. Explain how wastages are dealt with in process costing.
13. Explain variable cost with an example.
14. Explain contribution analysis.
15. Explain the term Economic Batch Quantity.
16. What is meant by differential costing ?

Turn over

17. Explain Breakeven analysis with an example.

18. Find out P/V ratio from the following information :

    Sales—Rs. 10,00,000, Fixed Expenses—Rs. 2,00,000, Variable costs—Rs. 6,00,000.

19. A company's sales target for the next quarters are as : 1st quarter—108,000 units, 2nd quarter—120,000 units, 3rd quarter—132,000 units, 4th quarter—156,000 units, 1st quarter of following year—138,000 units. Units in stock at the beginning of 1st quarter18,000 units. Desired stock at the end of each quarter—1/6th of next quarter's sales. Prepare a manufacturing budget.

20. From the following data find out the margin of safety :

    Actual Sales—Rs. 28,00,000, Selling price Rs. 40, Variable cost—Rs. 30, Fixed cost—Rs. 6,00,000.

21. What are the objectives of cost accounting ?

22. Why does a portion of profit on uncompleted contract transferred to profit and loss account ?

$(8 \times 2 = 16)$

Part C

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

23. What are the considerations required for the preparation of a sales budget by a sales manager ?

24. Differentiate job costing and process costing.

25. What is cost accounting ? What are the advantages of cost accounting to the management?

26. 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 and other expenses	...	47,500	50
Contract value	...	2,00,000	

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

27. Selling price per unit Rs. 150

    Variable cost per unit Rs. 90

    Fixed cost Rs. 6,00,000.

    Find (a) selling price if the break even point is 8000 units ; (b) compute the sales required to earn a profit of Rs. 2,22,000.

28. Differentiate marginal costing and absorption costing.

29. What is a master budget ? Discuss the advantages of budgetary control system.

30. Discuss the methods of apportioning joint costs.

31. A Ltd. Co. has a contribution of Rs. 2,00,000 and a net profit of Rs. 1,50,000 on sales of Rs. 8,00,000. What is its margin of safety.

$(6 \times 4 = 24)$

Part D

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

32. The following balances were extracted from the books of MTL Construction Pvt. Ltd. on 31.03.2018 :

		Rs.
Materials issued to site	...	65,700.00
Materials purchased directly	...	3,000.00
Wages paid	...	72,500.00
Wages outstanding on 31.03.2017	...	2,000.00
Wages outstanding on 31.03.2018	...	1,000.00
Plant as on 31.03.2017	...	16,000.00
Plant as on 31.03.2018	...	12,800.00
Direct charges paid	...	2,750.00
Establishment charges	...	6,400.00
Stock of materials at site as on 31.03.2018	...	7,200.00
Value of work certified on 28.02.2018	...	1,60,000.00
Work done between 01.03.2018 to 31.03.2018	...	8,000.00
Cash yet to be received	...	16,000.00

The contract price was Rs. 2 lakh. Prepare Contract Account making such provisins as you think are desirable.

33. A product is finally obtained after it passes through 3 distinct process. The following information is available from the cost records :

		Process I	Process II	Process III	Total
Material	...	2,600	2,000	1,025	5,625
Direct wages	...	2,250	3,680	1,400	7,330
Production overhead	...				7,330

500 units at Rs. 4 per unit were introduced in process I. Production overhead are absorbed on the basis of direct wages.

Other details are :

	Output (units)	Normal loss (as a % of input)	Value of scrap (per unit)
Process I ...	450	10%	Rs. 2
Process II ...	340	20 %	Rs. 4
Process III ...	270	25 %	Rs. 5

Prepare process accounts.

34. With the following data for a 60 % activity prepared the flexible budget for production at 80 % and 100 % activity :

Production at 60 % capacity	...	600 units
Material	...	Rs. 100 unit
Labour	...	Rs. 40 per unit
Expenses (direct)	...	Rs. 10 per unit

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

35. What is marginal costing ? Discuss the importance of following terms in relation to marginal costing with an example :

(a) Key factor of production.
(b) Breakeven point.
(c) P/V ratio.
(d) Margin of safety.

$(2 \times 15 = 30)$