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QP CODE: 22100970

Reg No : .....

Name : .....

B.COM DEGREE (CBCS) REGULAR / REAPPEARANCE EXAMINATIONS, APRIL 2022

Sixth Semester

CORE - CO6CRT17 - COST ACCOUNTING - 2

(Common to all B.Com Degree Programmes)

2017 Admission Onwards

D31A36ED

Time: 3 Hours

Max. Marks : 80

*Instructions to Private candidates only: This question paper contains two sections. Answer **SECTION I** questions in the answer-book provided. **SECTION II,** Internal examination questions must be answered in the question paper itself. Follow the detailed instructions given under **SECTION II***

SECTION I

Part A

*Answer any **ten** questions.*

*Each question carries **2** marks.*

1. What is notional profit?
2. Compute the economic batch quantity for a company.
   Monthly demand for the component 2000 units
   Set up cost per month Rs. 120
   Annual rate of interest 6%
   Cost of manufacture per unit Rs.6
3. From the following information, calculate passenger kilometres:
   Number of buses : 10
   Days operated in a month : 28
   Trips made by each bus : 2
   Distance of route : 25 kms (one side)
   Seating capacity : 50 Passengers
   Normal passengers travelling: 80% of capacity
4. What are the difference between hotel boarding costing and hotel lodging costing.
5. What are the advantages of cost plus contract to the Contractor?
6. Name the four important aspects of process costing.
7. Write a short note on Waste and Defectives in Process Costing.

8. Distinguish between marginal cost and direct cost.

9. What is Break-Even Point?

10. Define marginal costing. point out the merits and demerits of marginal costing.(any two)

11. What is Material Budget?

12. Define ZBB.

(10×2=20)

Part B

*Answer any **six** questions.*

*Each question carries **5** marks.*

13. In a factory in a month three jobs were commenced. The materials and labour used on them were as follows.

	Job 1	Job 2	Job 3
Materials	Rs. 4,000	4,500	2,700
Labour	5,100	8,300	1,400

Works overhead is charged at 60% of labour and office expenses at 10% of works cost. Job 1 and Job 2 were completed but Job 3 was still in progress.
Prapare the job accounts.

14. ABC company is running 6 buses between two towns which are 40 kms apart. Seating capacity of each bus is 50 passengers. The following particulars were obtained from their books for April 2019.

Wages of Drivers and conductors	2,00,000
Office staff salary	80,000
Cost of Diesel and oil	2,00,000
Repairs and maintenance	60,000
Tax and Insurance	1,20,000
Depreciation	1,30,000
Interest and other charges	1,00,000

Actual passengers carried were 80% of the seating capacity. All the Six buses run on days of the month. Each us made one round trip per day. Find out the cost per passenger kilometer

15. You are given the following data:
Budgeted Output- 1,00,000 units
Fixed Expenses- Rs. 2,00,000
Variable cost per unit - Rs.6
Selling Price Per Unit- Rs. 10
Draw a Break Even Chart showing the Break Even Point.

16. A factory produces three products which originate from a joint process. Cost incurred and the relevant details are:

Joint Costs:

Materials	30,000
Labour	14,000
Overheads	13,800
Total	57,800

Subsequent Processing Costs:

	Product A (Rs)	Product B (Rs)	Product C (Rs)
Material	7,000	6,000	5,000
Labour	3,000	2,400	1,800
Overheads	2,000	1,600	1,400
Total	12,000	10,000	8,200
Sales Value	56,000	44,000	30,000
Estimated profit on sales	25%	20%	30%

Prepare a statement showing apportionment of joint cost under Reverse cost method.

17. Distinguish between Marginal costing and Differential costing?

18. From the following Calulate P/V Ratio, Break- Even Point in Units and in Value and Margin of Safety:

Budgected output	50,000 units
Selling price per unit	₹ 20
Fixed Expenses	₹ 300,000
Variable Cost per unit	₹ 10

19. Explain market value method of apportioning joint cost to joint products. Give examples of each.

20. From the following information find out the overhead costs at 70%, 80% and 90% capacity and also determine the overhead rates:

	Expenses at 50% capacity
Variable Overheads:	
Indirect labour	15,000
Indirect materials	9,400
Semi- variable overheads:	
Repairs and maintenance (60% fixed)	5,000
Power (50% variable)	20,000
Fixed overheads:	
Office expenses	20,000
Depreciation	15,000
Others	8,000
Estimated direct labour hours	1, 40,000

21. What are the preliminaries taken for the installation of a system of Budgetary Control?

(6×5=30)

Part C

*Answer any **two** questions.*

*Each question carries **15** marks.*

22. M/S Arun Nayak and Company undertook a contract on 1-1-2019. The contract price was Rs. 10,00,000. From the following particulars, prepare a Contract account for the year ended 31/12/2019

	Amount		Amount
Machinery installed	50,000	Cash received	4,50,000
Materials issued	1,60,000	Retention money	50,000
Labour	1,30,000	cost of work not certified	20,000
Direct expenses	6,000	materials on hand	4,000
Overhead charges	5,000	wages accrued	3,000
materials returned	2,000	value of machinery at the end	38,000

General plant costing Rs. 1,00,000 was used for 3 months. Depreciation at 20% p.a is to be provided. Material costing Rs. 2,000 were sold for Rs. 3,000. In addition scraps were sold for Rs. 1,000. Material costing Rs. 8,000 were lost and Rs. 5,000 had been recovered from insurance company.

23. A manufacturing Co. finds that while it costs Rs.6.25 to make component **"X725"**, the same is available in the market at Rs 5.75 each, with an assurance of continued supply. The breakdown of the cost is:

Materials	Rs 2.75 each
Labour	Rs 1.75 "
Other variables	Rs 0.50 "
Depreciation and other fixed cost	Rs 1.25 "
Total	Rs 6.25

a. Should you make or buy?

b. What would be your decision, if the supplier offered the component at Rs 4.85 each?

24. A product is obtained after it passes through three distinct processes. The following information is obtained for the month ending 31st December 2019.

	Total(Rs)	Processes(Rs)		
		I	II	III
Material	7,542	2,600	1,980	2,962
Direct Wages	9,000	2,000	3,000	4,000
Production Overheads	9,000	------	------	------

1,000 units at Rs.3 each were introduced to Process I.The output of each process passes direct to the next process and finally to Finished Stock.

Production overhead is recovered at 100 per cent of Direct Wages. The following additional data are obtained:

Process	Output	Normal loss	Scrap Value per unit (Rs)
I	950	5%	2
II	840	10%	4
III	750	15%	5

Prepare process Cost Accounts, and Abnormal loss or Abnormal Effectiveness Account

25. From the following information prepare a Cash Budget for September- November,2018

	Actual			Budgeted		
	September	October	November	September	October	November
Sales	20,000	90,000	85,000	1, 00,000	95,000	90,000
Purchases	45,000	50,000	42,000	60,000	45,000	30,000
Wages	20,000	15,000	25,000	24,000	22,000	18,000
Expenses	5,000	8,000	8,000	5,000	4,000	5,000

Other Information

1. Advance income tax in October Rs. 4000
2. Plant in September Rs. 10,000
3. Rent Rs 300 payable each month, not included in expenses
4. 20% of purchases and 10% sales are on cash basis
5. Credit purchases are paid after two months and credit sales are collected after one month.
6. Time lag in wages and expenses half month
7. Cash and Bank Balance on 1st September,2018 Rs. 15,000

(2×15=30)