QP CODE: 24000760

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Reg No : .....

Name : .....

B.COM DEGREE (CBCS) REGULAR / REAPPEARANCE EXAMINATIONS, MARCH 2024

Sixth Semester

CORE - CO6CRT17 - COST ACCOUNTING - 2

(Common to all B.Com Degree Programmes)

2017 Admission Onwards

8A23F126

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

Part A

Answer any ten questions.

Each question carries 2 marks.

1. Distinguish between contract costing and job costing. (any two)
2. Annual demand for a component is 5000 units. Set up cost per batch is Rs. 75. Annual rate of interest is 15%. Cost of production per unit is Rs. 80. Calculate economic batch quantity.
3. What are the advantages of cost plus contract?
4. Explain the costing procedure in transportation costing.
5. From the following information, calculate kilometres and total passenger kilometres:

   Number of buses : 4
   Days operated in a month : 30
   Trips made by each bus : 4
   Distance of route : 50 kms (one side)
   Seating capacity : 50 Passengers
   Normal passengers travelling: 80% of capacity
6. What is Abnormal Effectiveness?
7. What is Abnormal Loss?
8. What is contribution?

9. State the limitations of break even analysis.

10. Define marginal costing. Point out any merit of marginal costing.

11. What is Material Budget?

12. Difference between Performance Budget and ZBB. (any two)

(10×2=20)

Part B

Answer any six questions.

Each question carries 5 marks.

13. Following particulars relate to the year ended 30/06/2019

	Completed Jobs	Work in Progress
Materials used	Rs. 50,000	10,000
Wages	35,000	7,000
Chargeable expenses	7,500	500
Materials returned to stores	500	-

Work expenses were 60% of prime costs, Administrative overheads were 30% of works cost. The value of jobs completed during the year was Rs. 2,50,000. Prepare Consolidated Job account to find out Profit or Loss during the year and Consolidated Work in progress account.

14. A transport company is running 4 buses between two towns which are 50 kms apart. Seating capacity of each bus is 40 passengers. The following particulars were obtained from their books for April 2019.

Wages of Drivers and conductors	2,40,000
Office staff salary	1,00,000
Cost of Diesel and oil	4,00,000
Repairs and maintenance	80,000
Tax and Insurance	1,60,000
Depreciation	2,60,000
Interest and other charges	2,00,000

Actual passengers carried were 75% of the seating capacity. All the four buses run on all days of the month. Each bus made one round trip per day. Find out the cost per passenger kilometre.

15. Explain the various methods used for apportionment of joint costs to joint products.

16. A factory produces product X and Y is obtained as a by-product. The joint cost of manufacture amounts to Rs 15,000. Subsequent expenses for producing X was Rs 3,800 and Y, Rs 1,700. Total amount realised on sale of Y was Rs 3,500. It yielded a profit of 20

% on selling price. You are required to prepare accounts relating to Product X and Product Y after apportionment of joint cost.

17. Explain the distinguishing features of absorption costing.

18. The sales and profit of a company during two years were as follows:

Year	Sales (Rs.)	Total Cost (Rs.)
2020	1,20,000	1,08,000
2021	1,40,000	1,24,000

Calculate

a. P/V Ratio b. BEP c. Sales to earn a profit of Rs 20,000/-

19. You are given the following data:

Budgeted Output- 80,000 units
Fixed Expenses- Rs. 5,00,000
Variable cost per unit - Rs.10
Selling Price Per Unit- Rs. 20

Draw a Break Even Chart showing the Break Even Point.

20. From the following information find out the overhead costs at 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. Describe the various steps in budgetary control.

(6×5=30)

Part C

Answer any two questions.

Each question carries 15 marks.

22. Smart Construction company commenced a contract work on 1/1/2019. The following particulars are given in connection with Contract No. 505 for the year ending 31/12/2019:

	Amount
Contract Price	18,00,000
Work Certified upto 15/12/2019	12,00,000
Contractee's account(Cash received)	9,60,000
Materials issued	3,60,000
Direct wages paid	3,10,000
Overheads incurred	18,000
Sub contract cost	16,000
Depreciation on plant for the whole year	24,000
Cost of Extra Work	7,000
Recoveries for Extra Work	8,000
Materials at site on 31/12/2019	6,000

The expenditures given above include expenses incurred after December 15th also. Such expenses are:

Amount	
Materials used	21,000
Direct wages	8,000
Overheads	1,500
Depreciation	800

Prepare Contract Account

23. Jeeva Chemicals manufacture and sell their chemicals produced by three consecutive processes. The products of these processes are dealt with as under

	Process I	Process II	Process III
Transferred to Next Process	662/3%	60%	---
Transferred to Warehouse for sale	331/3%	40%	100%

In each process 4% of the weight put in is lost and 6% is scrap which from Process I realised Rs.3 per tonne, from Process II, Rs.5 per tonne and from Process III, Rs.6 tonne.

The following particulars relate to April 2019.

	Process I	Process II	Process III
Raw Material used (Tonnes)	1,400	160	1,260
Material Cost per Tonne (Rs)	10	16	7
Manufacturing Expenses (Rs)	5,152	3140	2,898

Prepare Process Cost Accounts showing cost per tonne of each process.

24. Due to industrial depression , a plant is running at present, at 50% of its capacity. The following details are available.

Particulars	Cost of production per unit
Direct material	₹ 2
Direct Labour	₹ 1
Variable overhead	₹ 3
Fixed Overhead	₹ 2
Total cost	₹ 8

Production per month 20000 unit
Total cost of Production ₹ 1,60,000
Sales ₹ 1,40,000

Loss: ₹ 20,000

An exporter offers to buy 5000 units per month @ 6.50 per unit and the company hesitates to accept the offer for fear of increasing its already operating losses. Advise whether the company should accept or decline this offer?

25. Prepare a cash budget for the period from 2018, July to September, from the given information.

	May	June	July	August	September
Total Sales	1,50,000	1,70,000	1,80,000	1,60,000	1,85,000
Total Purchases	80,000	78,000	1,10,000	1,20,000	1,00,000
Wages	6,000	7,500	8,800	9,000	8,400
Admn. Expenses	6,000	6,200	6,800	9,500	4,700
Selling expenses	4,000	4,500	4,300	4,400	5,200

Additional information:

1. 20% of total sales and 20% of total purchases are on cash terms.
2. Time lag for making payments to creditors is two months and that for receiving payments from debtors is one month.
3. An amount of Rs. 1, 20,000 should be given to bank as repayment of loan in August and an amount of Rs 7500 will be collected on interest and dividend in the same month.
4. Wages are paid in the same month.
5. Administrative expenses are paid after one month and selling expenses are paid on a time lag of half month.
6. Every month installment on machinery purchased is to be paid Rs. 4,500.
7. Cash and bank balance on 1st July, 2018 was Rs. 8,000.

(2×15=30)