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Reg. No.................................

Name....................................

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, SEPTEMBER 2024

Sixth Semester

Core Course 15—APPLIED COST ACCOUNTING

(Common for Model I B.Com. Model II B.Com. U.G.C. Sponsored B.Com.)

(Prior to 2013 Admissions)

Time : Three Hours | Maximum Weight : 25

Section A

Answer **all** *questions.*
Each bunch of **four** *questions carries a weight of* 1.

I. Choose the correct answer :

1 Profit on incomplete contract is known as ————.

(a) Net profit. (b) Notional profit.

(c) Work-in-progress. (d) None of these.

2 Cost of producing an additional unit of output is ————.

(a) Historical cost. (b) Sunk cost.

(c) Marginal cost. (d) Fixed cost.

3 The cost of one process may be transferred to the next Process at :

(a) Cost Price. (b) Market price.

(c) Cost price or Market price. (d) Selling price.

4 ———— is a consolidated summary of the various functional budgets.

(a) Sales budget. (b) Production budget.

(c) Expenses budget. (d) Master budget.

Turn over

II. Fill in blanks :

5 The method of costing applied in biscuit industries is ———————.

6 ——————— is the difference between the sales and marginal cost of sale.

7 Excess of sales over break-even sales is known as ———————.

8 Fixed budget is also known as ——————— budget.

III. State whether the following statements are True *or* False :

9 The method of costing applied in lathe is process costing.

10 A portion of main contract entrusted to someone else is known as sub contract.

11 Variable cost do not change with changes in the level of activity.

12 Budgetory control is a tool for policy planning and cost control.

IV. Match the following :

13	Unit costing	(a)	Direct cost.
14	Normal wastage	(b)	Cost per unit.
15	Angle of incidence	(c)	Avoidable loss.
16	Cost of Material	(d)	Process costing.
		(e)	Break even chart.
		(f)	Unavoidable loss.

(4 × 1 = 4)

Section B

Answer any **five** *question.*
Each question carries a weight of 1.

17 What is prime cost ?

18 Define EBQ.

19 What is work certified ?

20 What is fixed price contract ?

21 Define abnormal gain in process costing.

22 Define profit volume ratio.

23 Distinguish between fixed cost and variable cost.

24 What is budget manual ?

(5 × 1 = 5)

Section C

Answer any **four** *questions.*
Each question carries a weight of 2.

25 Describe the principles to be followed while taking credit for Profit on incomplete contract.

26 Define job and batch costing. How does job costing differ from batch costing ?

27 What is break even analysis ? What are the assumptions of break even analysis ?

28 From the following particulars extracted from the books of a Contractor, calculate the amount of profit to be credited to Profit and loss account and show how the items will appear in the balance sheet.

Contract price— Rs. 50,00,000.

Cash received from contractee being 80 % of work certified—Rs. 24,00,000.

Work certified—Rs. 3,00,000.

Notional profit for the year—Rs. 3,00,000.

29. From the following data, calculate :

(a) P/V Ratio.

(b) Profit at the sales of Rs. 40,000.

(c) New break-even point if selling price is reduced by 20 %.

(d) Sales in rupees to earn a profit of Rs. 8,000 after reducing selling price by 20 %.

Fixed cost—Rs. 8,000.

B.E.P in rupees—Rs. 20,000.

Turn over

30. Prepare a flexible budget for the production at 80 % and 100 % activity on the basis of following information :

Production at 50 % capacity	5000 units
Raw materials	Rs. 30 per unit
Direct labour	Rs. 10 per unit
Direct expenses	Rs. 20 per unit

Factory expenses Rs. 40,000 (50 % fixed).

Administration expenses Rs. 80,000 (70 % variable).

(4 × 2 = 8)

Section D

Answer any **two** *questions.*
Each question carries a weight of 4.

31. Define budget, budgeting and budgetorty control. Describe the steps in the budgetary control process.

32. X Ltd. commenced a work on 1st April 2023. They close their books of accounts for the year on 31st December each year.

The following information is available from their costing records on 31st December 2023.

		Rs.
Material sent at site	...	50,000
Salary of Foreman	...	12,000
Wages paid	...	1,00,000

A machine costing Rs. 32,000 remained in use on site for 1/5 of the year. Its working life was estimated at 5 years and scrap value at Rs. 2,000. A supervisor is paid Rs. 2,000 per month and had devoted one-half of his time on the contract. All other expenses were Rs. 15,000. The materials at site was Rs. 9,000. The contract price was Rs. 4,00,000. On 31st December, 2023, 2/3 of the contract was completed however, the architect gave certificate only for Rs. 2,00,000 on which 75 % was paid. Prepare the contract account.

33 In a factory the product passes through two process A and B. A loss of 5 % is allowed in process A and 2 % in process B, nothing could be realized by disposal of wastage. During April 2023 , 10,000 units of materials costing Rs. 6 per unit were introduced in process A. The other costs are as follows :

		Process A	*Process* B
		Rs.	Rs.
Materials	...	—	6,140
Labour	...	10,000	6,000
Overheads	...	6,000	4,600

The output was 9,300 units from process A, 9,200 were produced by process by B, which were transferred to the warehouse. 8,000 units of the finished products were sold @ Rs. 15 per unit. The selling and distribution expenses were Rs. 2 per unit.

Prepare necessary accounts.

(2 × 4 = 8)