E 1173 (Pages : 4) Reg. No.................................

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

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2018

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 Admission onwards]

Time : Three Hours Maximum Marks : 80

Part A

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

1. Mention any *two* industries where Job Costing can be applied.
2. What do you mean by batch costing ?
3. Define Contract Costing.
4. What is escalator clause ?
5. Explain process loss.
6. What is meant by abnormal effectiveness ?
7. Define flexible budget.
8. What do you mean by key factor ?
9. State the marginal cost equation.
10. What is margin of safety ?

(10 × 1 = 10)

Part B

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

11. What are the advantages of process Costing ?
12. Distinguish between Job Costing and Contract Costing.
13. What are the features of Job Costing ?
14. What is Cost plus contract ? What are the advantages ?
15. State the merits of budgetary control.
16. Point out the advantages of Cash Budget.

Turn over

17. What is break-even Point ? Give the formulae.

18. Job No. 210 was commenced on 10^{th} January 2017 and Completed on 1^{st} February 2017. Materials used were Rs. 2,400 and labour charges were Rs. 1,600. Other details were as follows :

   (a) Machine X was used for 40 hours @ Rs. 15 per machine hour.

   (b) Machine Y was used for 30 hours @ Rs. 16 per machine hour.

   (c) Indirect labour cost in the factory amounted to Rs. 1,200.

   Ascertain the works cost of Job No. 210.

19. The output of a plant, when sold, would earn Rs. 70,000 in Sales income. The variable costs for this production volume would be Rs. 20,000. The fixed Costs are Rs. 20,000. Find out the break-even point of the Company.

20. From the following information relating to products A, B and C for the month of March 2017, Prepare a production budget :

   Sales as per sales budget :

   A—1,80,000 units.

   B—1,90,000 units

   C—2,00,000 units

   Stock position is estimated as follows :

		Opening Stock	*Closing Stock*
A	...	10,000 units	20,000 units
B	...	20,000 units	10,000 units
C	...	15,000 units	25,000 units.

(8 × 2 = 16)

Part C

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

21. What is profit on incomplete contracts ? What are the rules to be followed ?

22. Distinguish between joint product and by-product.

23. What are the objectives of budgetary control ?

24. List the merits of flexible budget.

25. Explain the differences between Marginal Costing and Absorption Costing.

26. X undertook a construct for constructing a building from Y on 1st January 2017 for a price of Rs. 1,00,000. He incurred the following expenses :

		Rs.
Materials Consumed	...	30,000
Materials in hand at the end	...	2,000
Wages	...	45,000
Direct expenses	...	25,000
Plant purchased	...	20,000

The contract was completed on 30th June 2017, and the contract price was duly received. Provide depreciation at 10 % on plant and charge indirect expenses at 20 % on wages.

Prepare Contract account.

27. A product passes through different processes to completion. 1,000 units are introduced to process I at a Cost of Rs. 30 per unit. Direct labour and direct expenses for the process were Rs. 10,000 and Rs. 5,000 respectively. Overhead expenses amounted to Rs. 3,000. It is estimated that 10 % of the material introduced to the process would be lost normally. Actual production was 900 units. Units lost realised a scrap value of Rs. 8 per unit. Prepare Process I account and normal loss account.

28. Bharat Ltd., approaches its bankers for overdraft facility for the period January to March 2017. From the following data, prepare Cash Budget for the above period indicating the overdraft facility required at the end of each month :

Details		*Sales*	*Purchases*	*Wages*	*Expenses*
Month		Rs.	Rs.	Rs.	Rs.
November 2016	...	2,40,000	1,60,000	20,000	25,000
December 2016	...	2,60,000	1,70,000	24,000	30,000
January 2017	...	1,17,000	3,30,000	18,000	28,000
February 2017	...	2,30,000	3,40,000	22,000	32,000
March 2017	...	1,90,000	3,70,000	26,000	40,000

(a) Estimated cash at Bank on 1st January 2017 Rs. 40,000.

(b) 50 % of credit sales are realised in the month following the sale and remaining 50 % in the second month following.

(c) Creditors are paid in the month following the month of purchase.

(d) Wages and expenses are paid in the month in which they are incurred.

(6 × 4 = 24)

Part D

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

29. What is performance budgeting ? Explain the steps and the advantages.

30. Following are the budgeted expenses for the production of 10,000 units of a product.

		Per Unit Rs.
Materials	...	75
Labour	...	15
Variable overhead	...	20
Fixed overhead (Rs. 1,00,000)	...	10
Direct expenses variable	...	10
Selling expenses (10 % fixed)	...	12
Distribution expenses (20 % fixed)	...	8
Administration expenses (Rs. 60,000)	...	6
		156

Prepare a budget for 600 units and 8,000 units. Administration expenses are fixed for all levels production.

31. Navaratna has a P/V ratio of 40 By what percentage must sales be increased to offset :

(a) 10 % reduction in selling price.

(b) 20 % reduction in selling price.

(2 × 15 = 30)