E 7538 **(Pages : 4)** **Reg. No...............................**

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

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2014

Sixth Semester

Core Course 15—APPLIED COST ACCOUNTING

(Common for Model-I B.Com. Model-II B.Com. and UGC sponsored B.Com. Programmes)

Time : Three Hours Maximum Weight : 25

Answers may be written **either** *in English* **or** *in Malayalam.*

Section A

This section consists of **four bunches** *of* **four** *questions each.*
Each bunch carries a weight of 1.
Answer **all** *questions.*

I. Choose the correct answer from the choices given :

1. Manufacturers of components of television adopt :

   (a) Job costing. (b) Batch costing.

   (c) Contract costing. (d) Output costing.

2. Loss arising to incomplete contract is :

   (a) Transferred to P & L Account.

   (b) Debited to work-in-progress.

   (c) Transferred to contractee's account.

   (d) Not dealt in cost accounts.

3. Which one of the following is not a feature of process costing ?

   (a) Equivalent production.

   (b) Classification of costs into fixed and variable.

   (c) Duration of work in long.

   (d) Emergence of more than one product.

4. Under marginal-costing technique, the prices are based on :

   (a) Fixed costs.

   (b) Variable costs.

   (c) Variable costs and contribution.

   (d) Fixed costs and contribution.

Turn over

II. Fill in the blanks :

5. ———— is a comprehensive plan of action for a specific period of time.

6. Marginal costing is known as ————.

7. Where no cost estimate is possible ———— contracts are suitable.

8. In job costing each order is of comparatively ———— duration.

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

9. A contractor is compensated for the increase in costs by esd. clause.

10. Under marginal costing, fixed factory overhead is included in the inventory.

11. A budget is a tool for planning and control.

12. Abnormal loss that arises in process accounts is treated as product cost.

IV. Match the following A with B :

A	B
13. Contract costing	(a) Fixed cost.
14. Budget	(b) Variable cost.
15. Period cost	(c) Short-term planning.
16. Marginal cost	(d) Bakery.
	(e) Long-term planning.
	(f) Construction.

(4 × 1 = 4)

Section B

Answer any **five** *questions.*
Each question carries 1 *weight.*

17. What do you mean by "Key factor" ?

18. Define break-even-point.

19. What is a "Job Card" ?

20. Explain the term "Work Certified".

21. What is "Retention money" ?

22. How would you treat normal loss in process costing ?

23. Distinguish between Joint-products and by-products.

24. What is a budget manual ?

(5 × 1 = 5)

Section C

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

25. What is a Cash budget ? What are its advantages ?

26. Write a short note on CVP analysis.

27. Define Job Costing. Indicate the industries suitable for job costing.

28. How will you treat abnormal loss and abnormal gain in process costing ?

29. 2,000 units of raw material were introduced in a process at a cost of Rs. 8,000. 10% of wastage is allowed and each unit of wastage realise Rs. 2.50. The actual production was 1,700 units. The expenses being as follows : Direct wages Rs. 13,000, Indirect expenses Rs. 6,500. You are required to prepare the process account to bring out the effect on wastage.

30. The following particulars are taken from the books a factory working at 60% of its capacity.

		Rs.
Variable expenses	..	3,00,000
Semi-variable expenses (50% fixed)	..	1,25,000
Fixed expenses	..	2,50,000

Prepare a budget for 75% of its capacity.

(4 × 2 = 8)

Section D

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

31. A factory manufacturing calculators had the capacity to produce 10,000 calculators per annum. The marginal cost of each calculator is Rs. 100 and each calculator is sold for Rs. 150. Fixed overheads are Rs. 20,000 per annum. Calculate the BEPs for output and sales and determine the profit of output as 80% capacity.

32. M/S Verma building contractors began to trade on 1 January 2012. The following was the expenditure on contract for Rs. 9,00,000.

		Rs.
Materials issued from stores	...	2,25,000
Materials purchased	...	60,000
Plant installed at cost	...	1,05,000
Wages paid	...	3,60,000
Direct expenses paid	...	33,000
Establishment expenses	...	30,000
Wages accrued on 31st Dec. 2012	...	7,500

Of the plant and materials changed to the contract, the plant which cost Rs. 7,500 and materials costing Rs. 6,000 were lost. Some parts of the materials costing Rs. 3,750 were sold at a profit of Rs. 750. On 31st December 2012, the plant which cost Rs. 5,250 was returned to stores.

The Work certified was Rs. 7,20,000 and 80% of the same was received in cash. The cost of work done but uncertified was Rs. 4,500. Change depreciation on plant was 10% p.a.

You are required to prepare the Contract Account for the year ended 31st December 2012.

33. A Laptop manufacturing Company finds that it costs to the make one components, the same is available in the market at Rs. 50 each ; the breakdown of cost is as follows :

		Rs.	
Materials	...	20.00	each
Labour	...	17.50	each
Variable overheads	...	7.50	each
	...	45.00	
Fixed cost	...	15.00	each
		60.00	each

You are required to decide :

(a) Whether the company should make or buy.

(b) If another vendor from the outside would offer the component at Rs. 44.00 each.

(2 × 4 = 8)