E 1712 (Pages : 4) Reg. No..............................

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

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2015

Sixth Semester

Core Course 15—APPLIED COST ACCOUNTING

[Common for Model I B.Com. Model II B.Com. and UGC sponsored B.Com. Programme]

Time : Three Hours Maximum Weight : 25

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

Part 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 Cost unit is used for :

(a) Cost control. (b) Cost reduction.

(c) Cost ascertainment. (d) None of these.

2 Cost of a contract is determined by preparing :

(a) Cost sheet. (b) Profit and Loss Account.

(c) Balance Sheet. (d) Separate ledger accounts.

3 In oil refineries, which of the methods of costing is used ?

(a) Job costing. (b) Process costing.

(c) Batch costing. (d) Contract costing.

4 A budget prepared to project the budgeted cost for any level of activity is called :

(a) Flexible budget. (b) Fixed budget.

(c) Cash budget. (d) Budgetory control.

II. Fill in the blanks :

5 A budget comprising the summary of all operating and financial budget is known as ———.

6 When selling price equals the cost, contributions = ———.

7 A high P/V ratio will generate ———.

8 Abnormal gain should be ——— to the costing P and L Account.

Turn over

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

9 Joint products are produced at the end of the process.

10 Cost plus contract and fixed price contract are one and the same.

11 The angle of incidence indicates the profit-earning capacity of an entity.

12 The cash budget is a tool of financial planning.

IV. Match the following A with B :—

A	B
13 Budget	(a) Break-even sales.
14 High PV ratio	(b) Contract costing.
15 Work certified	(c) High profit.
16 Margin of safety	(d) Short term planning.
	(e) Process costing.
	(f) Actual sales break-even sales.

(4 × 1 = 4)

Part B

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

17 Define "Job costing".

18 Explain back flush costing.

19 Explain "Escalation clause".

20 Explain the term work certified and work uncertified.

21 What is Joint product ? Give two examples.

22 Explain any two steps involved in budgetary control.

23 What is opportunity cost ?

24 What do you mean by angle of incidence ?

(5 × 1 = 5)

Part C

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

25 What are the uses of CVP analysis ?

26 Distinguish between Flexible budget and Fixed budget.

27 Write short notes on "zero-based budgeting".

28 Name the methods of accounting for by-products.

29 From the following data, calculate :

(a) PV ratio ; (b) Break-even point and (c) Profit when sales are Rs. 35,000, Sales Rs. 30,000, Variable cost Rs. 18,000, Profit Rs. 3,000.

30 The product of a manufacturing concern passes through two process A and B and then to the finished stock. It is ascertained that in each process normally 5 % of the total weight is lost and 10 % is scrap which from Process A and B realized Rs. 80 per tonne and Rs. 200 per tonne, respectively. The following figures relate to both process :

		Process A	*Process B*
Materials (in tonnes)	...	1000	—
Cost of materials (Rs./tonne)	...	125	—
Wages (Rs.)	...	38,000	8,000
Manufacturing Expenses	...	8,000	10,000
Output (in tonnes)	...	830	780

Prepare process cost accounts showing cost per tonne of each process. There was no stock or WIP in any process.

(4 × 2 = 8)

Part D

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

31 With the following data for a 50 % capacity, prepare a budget at 75% and 100 % activity :

Production at 50 % capacity — 500 units
Materials — Rs. 100 per unit
Labour — Rs. 50 per unit
Expenses — Rs. 10 per unit
Factory exp. — Rs. 50,000 (40 % fixed)
Administrative expenses—Rs. 40,000 (50 % fixed)
Expected profit — 20 % on sales.

32 Product 'X' can be produced by machine A or machine B. Machine A can produce 15 units of X per hour and B takes 25 units per hour. The total machine hours available are 7500 hours per annum. From the following comparative cost and selling price, you are required to determine the profitable method of manufacture :

		Per unit of Machine A (Rs.)	*Per unit of Machine B* (Rs.)
Direct Materials	...	30	30
Direct Labour	...	15	20
Variable overheads	...	17	22
Fixed overheads	...	8	8
Total cost	...	70	80
Selling price	...	75	75

33 M/s. Shree Construction Co. undertook a contract for constructing a bridge for a total value of Rs. 12,00,000 on 1st January 2010. It was estimated that the contract would be completed by 30 June 2010. You are required to prepare a contract account for the period ending 30 June 2010 :

		Rs.
Wages	...	3,00,000
Materials	...	1,50,000
Materials at site (on 30th June 2010)	...	20,000
Special plant	...	1,00,000
Overheads	...	60,000
Work certified	...	8,00,000

Depreciation is at 10 % p.a. on plant. Cash received is 80 % of the work certified. 8 % of the value of materials issued and 7 % of wages may be taken to have been incurred for the portion of the work completed but not yet certified. Overheads are charged as a percentage of direct wages.

(2 × 4 = 8)