

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, APRIL 2013**Sixth Semester****Core Course 15—APPLIED COST ACCOUNTING****(Common for B.Com. Model I and Model II and UGC Sponsored B.Com. Programme)****Time : Three Hours****Maximum Weight : 25***Answers may be written either in English or in Malayalam.***Section A***This section consists of four batches of four questions each.**Each batch carries a weight of 1.**Answer all questions.***I. Choose the correct answer from the choices given :****1. A variable cost is a cost that :**

- (a) varies per unit at every level of activity.
- (b) occurs at various times during the year.
- (c) varies in total in proportion to changes in the level of activity. ✓
- (d) may not be incurred, depending on management's discretion.

2. In contract costing, the contract which is complete up to one-fourth of the total contract,

- (a) one-fourth of the profit should be transferred to Profit and Loss Account.
- (b) two-third of the profit should be transferred to Profit and Loss Account.
- (c) one-third of the notional profit, reduced in the ratio of cash received to work certified, should be transferred to the Profit and Loss Account.
- (d) no profit should be taken to Profit and Loss account. ✓

3. The fixed-variable cost classification has a special significance in the preparation of :

- (a) Flexible budget. ✓
- (b) Master budget.
- (c) Cash budget.
- (d) ZBB.

4. The loss of material which is inherent in the nature of materials is called :

- (a) abnormal loss.
- (b) normal loss. ✓
- (c) defectives.
- (d) joint loss.

Turn over

II. Fill in the blanks :

- 5 Two or more products of equal importance, produced simultaneously from the same process are known as Joint products
- 6 Sales minus Break-even sales is called Margin of safety
- 7 Semi-variable overhead overheads indicate those which are neither fixed nor variable in nature.
- 8 Abnormal process losses are transferred to costing P&L a/c

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

- 9 Fixed costs vary with volume rather than time.
- 10 A Budget is a plan of action in respect of various functional areas of operations.
- 11 Batch costing is a variant of job costing.
- 12 Work-in-progress appears on the debit side of the contract account.

IV. Match the following A with B :

- | A | B |
|-----------------------|---------------------------|
| 13 EBQ | (a) Contract Accounts. 16 |
| 14 Angle of incidence | (b) Flexible budget |
| 15 Split off point | (c) Batch costing. 13 |
| 16 Escalation clause | (d) Break-even point. 14 |
| | (e) Joint products. 15 |

(4 × 1 = 4)

Section B

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

- 17 What is meant by 'Work Certified' ?
- 18 Define the term Joint Product.
- 19 What do you mean by "Cost Plus Contract" ?
- 20 What is ZBB ?
- 21 What is margin of safety ?
- 22 What is a flexible budget ?
- 23 Mention what method of costing you would suggest for the following industries :
- (a) Printing press.
- (b) TV and Radio manufacturing concern.

- 24 X Ltd., has a P.V. ratio of 40 %. What will be its variable cost when its sales are Rs. 6 lakhs

(5 × 1 = 5)

Section C

Answer any four questions.

Each question carries a weight of 2.

- 25 Explain the significance of 'key factor' in marginal costing.
 26 Define budgetary control. What are its objectives?
 27 Distinguish between joint product and by-product.
 28 Explain the treatment of losses in process costing.
 29 Fixed overhead Rs. 2,40,000

Variable cost per unit Rs. 15

Selling price per unit Rs. 30

Find out :

- (a) Break-even sales ; and
 (b) If the selling price is reduced by 10 %, what will be the new break-even point?
- 30 Determine economic batch quantity from the following :
- (i) Monthly demand for a product 500 units.
 (ii) Setting-up cost per batch Rs. 60.
 (iii) Cost of manufacturing per unit Rs. 20.
 (iv) Rate of interest 10% p.a.

(4 × 2 = 8)

Section D

Answer any two questions.

Each question carries a weight of 4.

- 31 The following particulars relate to Contract No. 203. Prepare Contract No. 203 Account for the year ended 31-03-2011 :

	Rs.
Contract Price of Contract 203	25,00,000
Materials issued to contract	2,30,000
Wages	1,46,000
Establishment Charges	54,000
Plant issued to Contract No. 203 (cost)	2,00,000
Materials issued to other contracts from contract No. 203	25,000
Outstanding wages during the year	6,000
Cash received during the year (being 80 % of work certified)	6,40,000

Turn over

Cost of work uncertified

Materials at site on 31-03-2011

Provide depreciation on plant at 20 %

32 Product B is obtained after it passes through three distinct processes. The following information is obtained from the accounts for the week ending on 31st March 2011 :

Particulars	Total Amount Rs.	Process I	Process II	Process III
			Rs.	Rs.
Direct material	7,542		1,980	2,962
Direct wages	9,000		3,000	4,000
Production overheads	9,000			

1,000 units at Rs. 3 each were introduced into Process I. There was no stock of materials or work in progress at the beginning or end of the period. The output of each process passes direct to next process and finally to stock. Production overheads are apportioned on 100% of direct wages.

The following additional data are available:

Particulars	Output	Value of scrap
Process I	1,000 units	100
Process II	2,400 units	240
Process III	750 units	75

- (i) Process I
- (ii) Process II
- (iii) Process III

Prepare Process Cost Accounts and Balance Sheet.

33 You are given the following data:

	2010	2011
Materials	1,20,000	1,40,000
Wages	80,000	90,000
Overheads	1,00,000	1,10,000
Stocks	1,00,000	1,20,000

- (i) F.V. of A.B.
- (ii) B.I. of A.B.
- (iii) Profit before tax
- (iv) Selling expenses
- (v) Marginal cost