Having regard to possible impact on sales turnover by market trends the company decided to have a flexible budget with a production target of 3,200 and 4,800 units (the actual quantity proposed to be produced being left to a later date before commencement of the budget period). Prepare a flexible budget for production levels at 50% and 75% capacity.

Assume selling price per unit is maintained at ₹ 40 as at present; indicate the effect on net profit. Administration, selling and distribution expenses continue at ₹ 3,600

30. A certain product passes through two process desired before it is transferred to finished stock. Following information is obtained for the month of March 2016.

Items	Process I	Process II	Finished Stock
	₹	₹	₹
Opening stock	7,500	9,000	22,500
Direct material	15,000	15,750	
Direct wages	11,200	11,250	
Production overheads	10,500	4,500	
Closing stock	3,700	4,500	11,250
Profit % on transfer price to the next process	25%	20%	
Inter- process profits for opening stock	---	1,500	8,250

Stocks in process are valued at prime cost and finished stock has been valued at the price at which it was received from process II. Sales during the period were ₹ 1, 40,000.

Prepare and compute

(a) process cost accounts showing profit element at each stage;

(b) actual realized profit ; and

(c) stock valuation for balance sheet purposes.

31. (a) Explain the steps involved in service costing

(b) Explain the treatment of profit in incomplete contracts

(2 x 15 = 30 Marks)

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18U456 (Pages: 4) Name: …….……

Reg. No……

FOURTH SEMESTER B Com PROFESSIONAL. DEGREE EXAMINATION, APRIL 2020

(CUCBCSS-UG)

(Regular/Supplementary/Improvement)

CC17U BCP4 B14 - APPLIED COST ACCOUNTING

(B.Com. Professional - Core Course)

(2017Admission onwards)

Time: Three Hours Maximum: 80 Marks

Part I

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

(A) Choose the correct answer:

1. Terminal costing is also known as:
   (a) Contract Costing (b) Unit Costing (c) Job Costing (d) Operating Costing
2. When a contact is debited with the original cost of the plant, it should credited with _____ at the end of the year.
   (a) Original cost of the plant (b) Depreciated value of the plant
   (c) Profit (d) Estimated cost
3. _____ form the basis on which all other budgets are built up:
   (a) Master Budget (b) Cash Budget (c) Sales Budget (d) Production Budget
4. The standard which can be attained under the most favorable condition possible:
   (a)Attainable standard (b) Ideal standard
   (c) expected standard (d) none of these above
5. In process costing, cost per unit increases because of :
   (a) Normal loss (b) Abnormal loss (c)Normal gain (d) Abnormal gain

B) Fill in the blanks:

6. Standard Costing is the preparation of standard cost and their comparison with actual costs and the analysis of _____
7. In transport costing _____ charges vary more or less in direct proportion to kilometers run.
8. The _____ costing is used in printing industry.
9. Abnormal process loss should be transferred to _____ account.
10. _____ contracts are more popular in ship building industries.

(10 x 1=10 Marks)

Part II (Short answer questions)

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

11. What are the features of service costing?
12. What is Retention money in contract accounts?
13. What is joint product?
14. What is budget centre?

15. What is performance budgeting?
16. What do you mean by scrap?
17. What is meant by abnormal gain?
18. In process B, 80 units of a commodity were transferred from process A at a cost of ₹ 1,400. The additional expenses incurred by the process were ₹ 210. 10 % of the units entered are normally lost and sold @ ₹ 4 per unit. The output the process was 75 units. Prepare process B Account.
19. Compute the economic batch quantity for a company using batch costing with the following information:
    Annual demand for the component 24,000; set-up cost per batch ₹ 120; Carrying cost per unit of production ₹ 0.36.
20. The standard material required to produce one unit of product A is 40 Kgs. At ₹ 10 per Kg. But the actual are 48 Kg. at ₹ 12 per Kg. Calculate MPV and MCV.

(8 x 2 = 16 Marks)

Part III

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

21. What are the various methods of costing?
22. What is Zero Base Budgeting? What are the essentials of introducing a system of ZBB?
23. Explain the nature and uses of batch costing.
24. What is meant by equivalent production? Discuss its importance in valuing work-in-progress.
25. A factory is engaged in the production of a chemical X and in the course of its manufacture a by-product Y, is produced, which after a separate process has a commercial value. For the month of January 2016, the following are the summarized cost data:

	Joint Expenses	Separate Expenses	
		X	Y
	₹	₹	₹
Materials	19,200	7,360	780
Labour	11,700	7,680	2,642
Overhead	3,450	1,500	544

The output for the month was 142 tonnes of X and 49 tonnes of Y and the selling price of Y averaged ₹ 280 per tonne.

Assuming that the profit of Y is estimated at 50% of the selling price, prepare an account showing the cost of X per tonne.

26. Following information is extracted from the job ledger in respect of Job No. 707 Materials ₹ 3400

Wages:	Department A:	80 hrs at ₹ 2.50 per hour
	Department B:	60 hrs at ₹ 4 per hour
Variable overheads:	Department A:	₹ 5,000 for 4,000 direct hours
	Department B:	₹ 6,000 for 3,000 direct hours

Fixed overhead: ₹ 7,500 for 10,000 hours of normal working time of the factory. Calculate Job No.707 and estimate the percentage of profit if the price quoted is ₹ 4,750.

27. The following was the expenditure on a contract for ₹ 60,00,000 commenced in January 2018:

	₹
Material	14,00,000
Wages	2,50,000
Plant and machinery	15,00,000
Business Charges	12,000
Fuel and power	1,25,000
Site expenses	5,000
Rates and taxes	15,000

Cash received on account of the contract up to 31st December was ₹ 18,00,000 (being 90% of the work certified). Work completed but not certified was estimated at ₹ 1,00,000. As on 31st December, materials at site was estimated at ₹ 30,000, machinery at site costing ₹ 2,00,000 was returned to stores and wages outstanding were ₹ 5,000. Plant and Machinery at site is to be depreciated at 5%. Prepare Contract Account.

28. SR Ltd furnishes you the following data:

	Budgeted	Actual (july 2018)
Number of working days	25	27
Production in units	20,000	22,000
Fixed overheads	₹ 30,000	₹ 31,000

Budgeted fixed overhead rate is ₹ 1 per hour. In July 2016 the actual hours worked were 31,500. Calculate:

(i) Efficiency variance
(ii) Capacity Variance
(iii) Calender Variance and
(iv) Volume variance.

(6 x 4 = 24 Marks)

Part IV

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

29. The budgeted cost of a factory specializing in the production of a single product at the optimum capacity of 6,400 units per annum amounts ₹ 176,048 as detailed below:

Fixed costs		20,688
Variable costs:		
Power	1,440	
Repairs	1,700	
Miscellaneous	540	
Direct material	49,280	
Direct labour	1, 02,400	
		1, 55,360
		1, 76,048

Turn Over