

Stocks in Processes 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 Rs.1,40,000.

Prepare and compute:

- (a) Process cost accounts showing profit element at each stage and
- (b) Stock valuation for balance sheet purposes

30. The Hindusthan Construction Ltd has undertaken the construction of a bridge over the river Yamuna for Municipal corporation. The value of the contract is Rs. 12,50,000 subject to a retention of 20% until one year after the certified completion of the contract and final approval of the corporation engineer. Following are the details as shown in the books on 30th June, 2016?

	Rs.
Labour at site	4,05,000
Materials direct to site less returns	4,20,000
Materials from store	81,200
Hire and use of plant-	
Plant upkeep account	12,100
Site expenses	23,000
General overhead allocated to the contract	37,100
Materials in hand on June 30, 2016	6,300
Wages accrued on June 30, 2016	7,800
Direct expenses accrued on June 30, 2016	1,600
Work not yet certified at cost	16,500
Work certified by the corporation Engineer	11,00,000
Cash received on contract	8,80,000

Prepare (a) contract account (b) Contractee's account and (c) how it would appear in the Balance Sheet.

31. "Flexible budgets are more realistic and useful than Fixed budgets". Do you agree? Explain.
(2 × 15 = 30 Marks)

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(Pages: 4)

Name:

Reg. No.....

FOURTH SEMESTER B.Com. PROFESSIONAL DEGREE EXAMINATION, APRIL 2023

(CUCBCSS-UG)

(Regular/Supplementary/improvement)

CC17U BCP4 B14 – APPLIED COST ACCOUNTING

(B.Com. Professional - Core Course)

(2017 Admission onwards)

Time: Three Hours

Maximum: 80 Marks

PART A

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

A. Choose the correct answer from the brackets:

1. The most suitable cost system where the products differ in type of material and work performed is
a) Operating costing b) Job costing c) Process costing d) All of these
2. In order to determine cost of the products or services, different business firms follow:
a) Different techniques of costing b) Uniform costing
c) Different methods of costing d) Operating costing
3. Equivalent production of 1,000 units, 60% is complete in all respects is:
a) 1,000 units b) 1,600 units c) 600 units d) 1,060 units
4. The type of process loss that should not be allowed to affect the cost of good units is called:
a) Standard loss b) Normal loss c) Abnormal loss d) Seasonal loss
5. Sales budget is a -----
a) Expenditure budget b) Functional budget
c) Master budget d) None of these

B. Fill in the blanks:

6. In contract costing, the cost unit is -----
7. When actual cost is less than the standard cost, it is known as ----- variance.
8. ----- cost are incurred after split off point
9. Batch costing is a type of ----- costing.
10. Cost of service under operating is ascertained by preparing -----

(10 × 1 = 10 Marks)

PART B

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

11. What do you mean by Escalation clause?
12. What are equivalent units?
13. Define operating costing
14. What is EBQ?
15. What is sub contract?
16. What is zero base budgeting?
17. What is daily log sheet?
18. Define scrap. Name two kinds of scrap.
19. What is cost plus contract?
20. What do you mean by calendar variance?

(8 × 2 = 16 Marks)

PART C

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

21. Write a brief note on Master Budget.
22. How to calculate profit on incomplete contracts?
23. Distinguish between joint products and By-products.
24. Explain the features of job costing.
25. Prasad transport company has been given a route of 20 km long to run a bus. The bus costs Rs. 12,50,000 with an estimated useful life of 5 years. It is insured @ 3% pa of the cost. Annual tax amounted to Rs, 25,000. The garage rent is Rs. 5,000 per month. Annual repair cost is estimated as Rs. 50,000.
The driver is paid a salary of Rs. 7,500 per month and the conductor is paid Rs. 5,000 per month in addition to a 10% takings as commission to be shared equally by them. Office stationery would Rs. 1,000pm and Office salaries Rs. 10,000 pm
Diesel will cost @. Rs. 30 per litre and the bus would travel a distance of 5 Km per liter the bus will make 3 round trips carrying on an average 40 passengers on each trip. Calculate the fare to be charged from each passenger. The bus will operate for 25 days in a month
26. The data given below, calculate material variances.

Raw materials	Consumption for 100 units of a product	
	Standard	Actual
A	40 units @ Rs. 50 per unit	50 units @ Rs. 50 per unit
B	60 units @ Rs. 40 per unit	60 units @ Rs. 45 per unit

27. Mayur Engineering Co. engaged in Job work as completed all the jobs in hand on 30th December, 2020 except Job No.447. The cost sheet on 30th December showed direct material and direct labour cost of Rs. 40,000 and 30,000 respectively as having being incurred on Job No.447. The cost incurred by the business on 31st Dec, 2020, the last date of the accounting year were as follows.

	Rs.
Diect Material	2,000
Direct labour	8,000
Indirect Labour	2,000
Miscellaneous factory overhead	3,000

The company follows the practice to make the Job absorbed factory overhead on the basis of 120% of direct labour cost. Prepare a composite job cost sheet for Job 447 showing analytical computations, if any of the value of WIP on Job. No. 447.

28. X Ltd. had a profit plan approved for selling 10,000 units per month at an average selling price of Rs. 20 per unit. The budgeted variable cost of production was Rs.8 per unit and the fixed costs were budgeted at Rs.20,000, the planned income being Rs. 200,000 per month. Due to shortage of raw materials, only 4,000 units could be produced and the cost of production increased by 50 paise per unit. The selling price was raised by Rs. 1.00 per unit. Inorder to increase the production process, an expenditure of Rs. 2,000 was incurred for research and development activities.
You are required to prepare a performance budget and a Summary report.

(6 × 4 = 24 Marks)

PART D

Answer any *two* of the following. Each question carries 15 marks.

29. A certain product passes through two processess 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%	25%	
Inter-process profits for opening stock	---	1,500	8,250

(3)

Turn Over