

ST. ALOYSIUS COLLEGE, EDATHUA
B.Com DEGREE (C.B.C.S.) MODEL EXAMINATION, MARCH 2020
SIXTH SEMESTER

CORE COURSE - CO6CRT17: COST ACCOUNTING – II

Time: 3 Hours

Maximum: 80 Marks

Part – A

*(Answer any **ten** questions. Each question carries 2 marks)*

1. What is flexible budget?
2. What is break even chart?
3. Define the term job costing.
4. What is CVP analysis?
5. Define a budget.
6. What is cost plus contract?
7. What is a key factor? Give examples.
8. What are the objectives of operating costing?
9. Define joint product.
10. What is EBQ?
11. What do you mean by split off point?
12. What is notional profit?

Part – B

*(Answer any **six** questions. Each question carries 5 marks)*

13. Distinguish between job and contract costing.
14. Describe the various rules for crediting profit from incomplete contracts to profit & loss account.
15. Briefly explain the costing procedure in transport costing.
16. State the differences between marginal costing and absorption costing.
17. Critically differentiate between scrap, waste, spoilage and defectives.
18. Briefly describe the steps for installing a system of budgetary control.
19. The following costs were incurred on the job.
Direct materials - 14 050 rupees
Direct wages;
Department: A - 30 hours @ 20 rupees per hour
Department: B - 40 hours @ 18 rupees per hour
Department: C - 25 hours @ 30 rupees per hour
Overheads for the three departments were estimated as follows;
Department: A - 15 000 rupees for 3 000 hours
Department: B - 10 000 rupees for 2 500 hours
Department: C - 6 000 rupees for 2 000 hours
Fixed overheads are estimated at 20 000 rupees for 10 000 working hours.
You are required to calculate the cost of job and the price of the job to give a profit of 25% on selling price.

20. The following data is available;

	Product A (Rs.)	Product B (Rs.)
Direct materials	24	14
Direct labour at 3 rupees per hour	6	9
Variable overhead at 4 rupees per hour	8	12
Selling price	100	110
Standard time	2 hours	3 hours

State which product would you recommend to manufacture when;

- Labour time is the key factor
- Sales value is the limiting factor

21. The following relate to a concern;

Total units produced and sold 1 000, Selling price per unit 20 rupees, Variable cost per unit 12 rupees, Fixed cost for the period 4 000 rupees.

Calculate (i) P/V ratio (ii) Break even sales (iii) Break even units (iv) Margin of safety

(v) Amount of sales to earn a profit of 8 000 rupees (vi) Units to be sold to get a profit of 12 000 rupees (vii) Profit at a sale of 50 000 rupees (viii) Profit at a sale of 3 000 units.

Part – C

(Answer any two questions. Each question carries 15 marks)

22. What are the practical applications of marginal costing in decision making? Comment with suitable examples.

23. A product is completed in three consecutive processes. During a particular month the input to process I of the basic raw material was 5 000 units at 2 rupees per unit. Other information for the month was as follows;

	Process I	Process II	Process III
Output (Units)	4 700	4 300	4 050
Normal loss	5%	10%	5%
Scrap value per unit (rupees)	1	5	6
Direct wages (rupees)	3 000	5 000	8 000
Direct expenses (rupees)	9 750	9 910	15 560

Overhead 32 000 rupees in total, chargeable as percentage of direct wages.

There was no opening or closing work in progress. Prepare process accounts and gain or loss accounts.

24. Prepare a cash budget for the three months ending 31st December 2016

Month	Cash sales	Credit sales	Cash purchases	Credit purchases	Wages	Sundry exp.
August	4 50 000	3 20 000	4 10 000	2 20 000	22 000	20 000
September	5 20 000	4 80 000	3 20 000	3 20 000	36 000	28 000
October	3 80 000	5 20 000	2 60 000	3 60 000	28 000	24 000
November	3 00 000	5 60 000	6 80 000	4 20 000	32 000	30 000
December	5 80 000	6 00 000	4 20 000	4 70 000	30 000	32 000

Additional information;

- i. Debtors are collected equally in two subsequent months of sale and creditors of a month are paid as to 25 % and 75 % in the subsequent two months respectively (25 % in the next month and 75 % in the month subsequent to the next month).
- ii. Wages are paid in the next month.
- iii. 75 % of sundry expense is paid in the same month and the balance in the next month.
- iv. In October, rent of the quarter is to be paid in advance at 3 000 per month.
- v. The expected cash balance on closing of September is 12 000 rupees.

25. C ltd. commenced contract business on 1st January 2018. During the year, the company undertook a Contract Work for a contract price of 20 00 000 rupees. The following is the trial balance as on 31st December 2018.

Contract account;	Debit	Credit
Materials	3 60 000	
Wages	1 70 000	
Direct expenses	20 000	
Establishment charges	15 000	
Plant installed	60 000	
Bank balance	25 000	
Land and building	6 00 000	
Contractee's account (cash received being 80% of work certified)		8 00 000
Creditors		50 000
Share capital		4 00 000

On 31st December 2018 the cost of work done but uncertified was 80 000 rupees. Plant requires depreciation at 20%. Materials at site were for 15 000 rupees. In the beginning of work plant at the cost of 6 000 rupees was lost by theft and materials of the cost of 3 000 rupees were lost by fire. Prepare contract account and balance sheet as on 31st December 2018.
