QP CODE: 25020518

25020518

Reg No : .....

Name : .....

B.COM DEGREE (CBCS) REGULAR / REAPPEARANCE / MERCY CHANCE EXAMINATIONS, FEBRUARY 2025

Sixth Semester

CORE - CO6CRT17 - COST ACCOUNTING - 2

(Common to all B.Com Degree Programmes)

2017 Admission Onwards

0BB69D1E

Time: 3 Hours Max. Marks : 80

Instructions to Private candidates only: This question paper contains two sections. Answer SECTION I questions in the answer-book provided. SECTION II, Internal Examination questions must be answered in the question paper itself. Follow the detailed instructions given under SECTION II

Part A

*Answer any **ten** questions.*

*Each question carries **2** marks.*

1. What is contract costing?
2. Monthly demand for a product 500 units
   Setting up cost per batch Rs. 60
   Cost of manufacturing per unit Rs. 20
   Rate of interest 10% p.a
   Determine economic batch quantity.
3. What are the limitations of Cost plus contract?
4. What are the differences between hotel boarding costing and hotel lodging costing?
5. From the following information, calculate passenger kilometres:
   Number of buses : 10
   Days operated in a month : 28
   Trips made by each bus : 2
   Distance of route : 25 kms (one side)
   Seating capacity : 50 Passengers
   Normal passengers travelling: 80% of capacity
6. Differentiate between main product and by-product.

7. Distinguish between normal process loss and abnormal process loss.

8. Explain briefly the importance of P/V Ratio.

9. a) What is the formula of calculating break point in units?
   b) What is the formula of calculating break even point in value?

10. Define Marginal Costing. Point out the limitations of marginal costing.

11. What is a Budget Period?

12. What are the steps in performance budgeting?

(10×2=20)

Part B

*Answer any **six** questions.*

*Each question carries **5** marks.*

13. Following direct costs were incurred on Job No. 605 of a company. Material Rs. 8,020.
    Wages:
    Department A 60 hours at Rs. 6 per hour
    Department B 40 hours at Rs. 4 per hour
    Department C 20 hours at Rs. 10 per hour
    Overhead expenses for these three departments were estimated as follows:
    Variable Overhead:
    Department A Rs. 10,000 for 5000 labour hour
    Department B Rs. 6,000 for 1,500 labour hour
    Department C Rs. 4,000 for 500 labour hour
    Fixed overhead:
    Rs. 7,500 for 10,000 hours of normal working time of the factory.
    You are required to calculate the cost of Job. No. 605 and price to be quoted for the job to give a profit of 25% on selling price.

14. From the following data calculate the cost per running kilometers of a vehicle:

Value of Vehicle		1,50,000
Garage rent per year		6,000
Insurance charge per year		1,000
Road Icience per year		5,000
Driver's wage per month		2,000
Cost of diesel per litre		8
Tyre maintenance per kilometers		2
Estimated life	1,50,000 kilometers	
Kilometers per litre of diesel	8	
Estimated annual kilometers run	6,000	

15. Explain a) Physical unit method , and b) Average unit cost method of apportioning joint cost to joint products with examples

16. Production of chemical X ,yields by-products Y and Z also. The joint expenses of manufacture are

	Rs
Material	5000
Labour	4000
Overhead	4500
Total	13500

The subsequent expenses are

	X	Y	Z
Materials	1000	800	900
Labour	1200	700	850
Overheads	1300	500	750
TOTAL(Rs)	3500	2000	2500
Sales(Rs)	21000	10000	9000
Profit onsales(%)	50%	50%	33.33%

Prepare a statement showing apportion of joint cost using reverse cost method.

17. Give a comparative description of absorption costing and marginal costing.

18. From the following Calculate P/V Ratio, Break-Even Point in Units and in value and Margin of Safety:

Budgeted output 50,000 units
Selling price per unit ₹ 20
Fixed Expenses ₹ 3,00,000
Variable Cost per unit ₹ 10

19. You are given the following data:

Budgeted Output- 12,000 units
Fixed Expenses- Rs. 40,000
Variable cost per unit - Rs.10
Selling Price Per Unit- Rs. 15
Draw a Break Even Chart showing the Break Even Point.

20. Prepare a flexible budget for production at 60% and 100% capacity from the following information.

	Level of activity 50%
	Per unit (Rs)
Materials	100
Labour	50

Variable expenses (Direct)	15
Administrative expenses	40,000 (40% Fixed)
Selling Expenses (50% Fixed)	50,000
Present production	1000 units

21. What are the main steps in budgetary control?

(6×5=30)

Part C

*Answer any **two** questions.*

*Each question carries **15** marks.*

22. PQR ltd was engaged in a contract during the year 2019. The contract price was Rs. 2,00,000. The trial balance extracted from the books on Dec, 31,2019 stood as follows.

	Dr	Cr
	Rs.	Rs.
Share Capital		40,000
Sundry Creditors		4,000
Building	17,000	
Cash at Bank	4,500	
Contract Account-		
Materials	37,500	
Plant	10,000	
Wages	52,500	
Cash received from contractee (80% of work certified)		80,000
Expenses	2,500	-
	1,24,000	1,24,000

Of the plant and materials charged to the contract, plant costing Rs. 1,500 and materials costing Rs. 1,200 were destroyed in an accident.

On 31-12-2019, plant costing Rs. 2,000 was returned to store and materials at site were valued at Rs. 1,500. Cost of uncertified work was Rs. 1,000. Charge 10% depreciation on plant.

Prepare Contract Account for the year 2019 and Balance Sheet as on 31-12-2019

23. The product of a company passes through three distinct processes to completion.From past experience it is ascertained that the loss is incurred in each process as under.

Process A-2%; Process B- 5%; Process C- 10%.

The wastage of Process A and B is sold at Rs.10 per 100 units and that of C at Rs.80 per100 units. Following information is obtained:

	Processes – A (Rs)	Processes – B (Rs)	Processes – C (Rs)
Material			
Direct labour			

Machine Expenses	12,000	8,000	4,000
Factory Expenses	16,000	12,000	6,000
	2,000	2,000	3,000
	3,500	3,800	4,200

20,000 units have been issued to Process A at a cost of Rs.20,000. The output of each process has been as under:

Process A - 19,500 units
Process B- 18,800 units
Process C- 16,000 units

Prepare Process Cost Accounts

24. A company estimates variable cost to be ₹ 500 per unit and fixed cost to be ₹ 5,00,000 per year. Plant capacity is set at 10,000 units per year. It is estimated that 5000 units can be sold at a price of ₹ 1000 each.
At what price would the sales of 10,000 units yield the same amount of profit that the company had been realizing on the sales of 5000 units @ ₹ 1,000 each?

25. Prepare Cash Budget for three months from April to June 2022 if it is estimated that cash in hand on April 1st 2022 is Rs 40000.
Other details are as follows:

Month	Sales -Rs	Purchases- Rs	Wages- Rs	Expenses- Rs
February	120000	80000	10000	7000
March	130000	98000	12000	9000
April	70000	100000	8000	5000
May	116000	103000	10000	10000
June	85000	80000	8000	6000

1. Sales- 10% is realized in the month of sale and balance in 2 equal installments in the subsequent two months.
2. Purchases-Creditors are paid on the month following the supply.
3. Wages- 20% arrears paid in the next month.
4. Sundry expenses-paid in the month itself.
5. Income tax of Rs 20000 payable in June.
6. Income from investment Rs 2000 received half-yearly in March and September.
7. Dividend Rs. 12000 payable in June

(2×15=30)