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FOURTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2024 B.Com. HONOURS

GBCH4B16T: COST ACCOUNTING - II

Time: 3 Hours	Maximum Marks: 80
PART A: Answer all the questions. Ea	nch carries <i>one</i> mark.
Choose the correct answer.	
1. In sugar manufacturing industries mo	plasses is also produced with sugar. Molasses may be of
smaller value as compared with the va	alue of sugar and is known as
A) Common product.	B) By-product.
C) Joint product.	D) None of them.
2. In contract costing, the payment of c	eash to contractor is made on the basis of
A) Uncertified work.	B) Certified work.
C) Work in progress.	D) Retention Money.
3. Budgetary control helps in implement	tation of
A) Standard costing.	B) Marginal costing.
C) Ratio Analysis.	D) Technical analysis.
4. Standard Cost is the planned cost for	r a unit of product or service
A) Demanded.	B) Supplied.
C) Produced.	D) None of the above.
5. If the total cost of 1,000 units is Rs. 6	60,000 and that of 1,001 units is Rs.60,400, then the
increase of Rs.400 in the total cost is	
A) Prime cost.	B) All overheads.
C) Marginal cost.	D) None of the above.
Fill in the Blanks.	
6. Loss in excess of the normal spoilag	e is
7 contracts provide for paymer	nt of actual cost plus an agreed percentage of profit.
8. The term 'Contribution' refers to the	ne
9. The scare factors is also known as	
10. The P/V ratio of a product is 0.6 and	profit is ₹ 9,000. The margin of safety is

 $(10 \times 1 = 10 \text{ Marks})$ (PTO)

PART B: Answer any eight questions. Each carries two marks.

- 11. What is de-escalation clause?
- 12. Define contract costing.
- 13. What is Activity Based Costing?
- 14. What is meant by the split-off point?
- 15. Define marginal costing?
- 16. What do you mean by margin of safety?
- 17. What is angle of incidence?
- 18. Comment on budget manual.
- 19. Enlist the limitations of historical costing.
- 20. Write a note on material mix variance?

 $(8 \times 2 = 16 \text{ Marks})$

PART C: Answer any six questions. Each carries four marks.

- 21. Explain normal and abnormal wastage and state how this should be dealt with in process cost accounts.
- 22. A product passes through two processes, A and B. The output of A passes onto B and that of B becomes the finished product. From the following information, prepare the process accounts:

	Process A	Process B
Materials consumed	Rs. 24,000	Rs. 12,000
Direct labour	28,000	16,000
Manufacturing expenses	8,010	8,000
Input in process A (units)	20,000	
Output (units)	18,000	16,600
Normal wastage of input (%)	5	10
Value of normal wastage per 100 units	16	20

- 23. What is cost plus contract? What are its advantages and disadvantages?
- 24. The following was the expenditure on a contract for Rs. 6,00,000 commenced in February 2020: Materials Rs. 1,20,000; Wages Rs. 1,64,400; Plant Rs. 20,000; Business Charges Rs. 8,600. Cash received on account up to 31st December 2020 amounted to Rs. 2,40,000 being 80% of work certified; the value of materials on hand on December 31 was Rs. 10,000. Prepare a contract account showing the position at the end of the year and proportion of the profits which might reasonably be taken to the profit & loss account after 10% depreciation on plant.

25. Calculate labour variance from the following information:

Gross wages direct (Rs.) 28,080
Standard hours produced 8,640
Standard rate per hour (Rs.) 3

Actual hours worked 8,200

26. 50,000 units of an item are produced and sold in the home market at Rs. 50 per unit. The home market can not absorb more than 50,000 units in a year but there is an export market for this item at Rs. 30 per unit. It is proposed to increase the production and sell the additional qualities in the foreign market at Rs. 30 per unit. The variable cost works out to Rs. 25 per unit and fixed charges amount to Rs. 8,00,000 in a year.

Calculate the number of additional units to be made and sold abroad to achieve a total profit Rs. 6,00,000 in a year both on domestic and foreign sales together.

- 27. What are the advantages and limitations of standard costing?
- 28. Distinguish between basic standard and current standard.

 $(6 \times 4 = 24 \text{ Marks})$

PART D: Answer any two questions. Each carries fifteen marks.

29. The product of ABC Ltd passes through three distinct processes for completion. From past experience, it is ascertained that normal wastage in each process is as under:

Process	Wastage (%)	Salvage value of wastage per unit
A	2	Rs. 0.25
В	4	Rs. 0.50
C	2.5	R s. 0,60

The expenses were as follows:

	Process A	Process B	Process C
Materials	Rs. 12,000	Rs. 10,000	Rs. 9,000
Direct labour	Rs. 16,000	Rs. 5,000	Rs. 4,900
Manufacturing expenses	Rs. 2,000	Rs. 3,400	Rs. 3,590
Other factory expenses	Rs. 3,500	Rs. 2,005	Rs. 2,004

4,000 units were initially introduced in process A at a cost of Rs. 13,569. The output of each

process was as under: A 3,850 units; B 3,600 units; and C 3,500 units.

Prepare process accounts and also work out the sale price per unit of finished stock so as to realise 20 per cent profit on selling price.

30. Given the following information:

Units of output 5,00,000

Fixed cost Rs. 7,50,000

Variable cost per unit Rs. 2

Selling price per unit Rs. 5

You are required to determine:

- a) The break-even point;
- b) The sales needed for a profit of Rs. 6,00,000 and
- c) The profit if 4,00,000 units are sold at Rs. 6
- d) The P/V Ratio, if the selling price is increased by 10% per unit.
- 31. What is budgetary control? State the main objectives of budgetary control. What are the main steps in budgetary control?

 $(2 \times 15 = 30 \text{ Marks})$