

**FOURTH SEMESTER UG DEGREE EXAMINATION, APRIL 2025**

**(Regular/Improvement/Supplementary)**

**B.COM. HONOURS**

## GBCH4B16T: COST ACCOUNTING – II

**Time: 3 Hours**

**Maximum Marks: 80**

**Part A. Answer *all* the questions. Each question carries *one* mark.**

**Choose the correct answer.**

- Which of the following is an example of by-product?
  - Diesel and Petrol in an oil refinery
  - Edible oils and oil cakes
  - Curd and butter in a dairy
  - Mustard seeds and mustard oil
- Work certified is valued at \_\_\_\_\_.
  - Cost price.
  - Market price.
  - Estimates price.
  - Cost or market price whichever is less.
- Which one of the following is not a financial budget?
  - Cash budget
  - Capital budget
  - Budgeted funds flow statement
  - Sales budget
- Standard Cost is the planned cost for a unit of product or service \_\_\_\_\_.
  - Demanded.
  - Supplied.
  - Produced.
  - None of the above.
- Under marginal costing, the stock is valued at \_\_\_\_\_.
  - Total Cost.
  - Variable Cost.
  - Fixed Cost.
  - None of the above.

### Fill in the Blanks.

6. Production cost incurred prior to split-off point are called \_\_\_\_\_.
7. No price of contract is fixed in case of \_\_\_\_\_ contracts.
8. \_\_\_\_\_ is another name for fixed cost in the marginal costing?
9. R&D budget and Capital expenditure budget are examples of \_\_\_\_\_.
10. The P/V ratio of a product is 0.6 and profit is ₹9,000. The margin of safety is \_\_\_\_\_.

**(10 × 1 =10 Marks)**

(PTO)

**Part B. Answer any *eight* questions. Each question carries *two* marks.**

11. What is escalation clause?
12. Define contract costing.
13. What is target costing?
14. Explain net realisable value method for apportioning joint costs.
15. Define Marginal cost.
16. What do you mean by key factor?
17. Give marginal costing equation.
18. Define a master budget.
19. What do you mean by variance?
20. Comment on yield variance.

**(8 × 2 = 16 Marks)**

**Part C. Answer any *six* questions. Each question carries *four* marks.**

21. What is meant by 'equivalent units'? Discuss its importance in valuing work-in-process.
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:

	<b>Process A</b>	<b>Process B</b>
Materials consumed	Rs. 24,000	Rs. 12,000
Direct labour	Rs. 28,000	Rs. 16,000
Manufacturing expenses	Rs. 8,010	Rs. 8000
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	Rs. 16	Rs. 20

23. What is work-in-progress with respect to a contract account? How is it valued?
24. Following were the expenses incurred by a contractor in respect of a contract which commenced on 1st January, 2024. The contract price is Rs 2,00,000:

Materials	Rs 40,000
Wages	Rs 50,000
Other expenses	Rs 15,000
Plant at cost	Rs 50,000

Work certified	Rs 1,20,000
Work uncertified	Rs 60,000
Materials on hand on 31st December 2024	Rs 11,000
Plant at cost on 31 <sup>st</sup> Dec. 2024	Rs 43,000
Cash received from the contractee	Rs 1,00,000
Material returned to stores	Rs 2,000

Prepare a contract account for the year ended 31-12-2024 showing profit to be credited to the Profit & loss account of the year.

25. You are required to calculate: (a) Margin of safety; (b) Sales, (c) Variable cost from the following figures:

Fixed cost:	Rs 12,000
Profit:	Rs 1,000
Break even sales	Rs 60,000

26. The Young Hotel has annual fixed costs applicable to rooms of Rs 15,00,000 for a 300 room hotel with average daily room rates of Rs 40 and average variable costs of Rs 6 for each room rented.

The hotel operates 365 days per year. It is subject to an income-tax rate of 30%.

It is required to -

- Calculate the number of rooms the hotel must rent to earn a net income after taxes of Rs 10,00,000.
- Compute the break-even point in terms of number of rooms rented.

27. With the following data for production of 60% activity, prepare a flexible budget for the production at 80% and 100% activity:

Production at 60% = 600 units

Material Rs 100 per unit

Labour Rs 40 per unit

Expenses Rs 10 per unit

Factory expenses Rs 40,000 (40% fixed). Administration expenses Rs 30,000 (60% fixed)

28. What is standard costing and what are its limitations?

**(6 × 4 = 24 Marks)**

**(PTO)**

**Part D. Answer any *two* questions. Each carries *fifteen* marks.**

29. Distinguish between Budgeting and Budgetary control. Highlight the essentials and limitations of budgetary control?

30. A product passes through two consecutive processes having relative standard output of 80% and 90% of inputs. In addition, standard yield is obtained by giving scrap allowances of 10% and 5% of output of process I & II respectively. Scrap of each process are sold at Rs 1,000 per tonne.

There was no work-in-progress at any stage, all materials were issued in process I as follows and all scraps arising from the processes were sold, except closing stock of 10 tonnes (opening stock was nil). Material issued: 'A' 100 tonnes @ Rs 2,000 per tonne; 'B' 400 tonnes @ 1,500 per tonne; and 'C' 500 tonnes @ Rs 1,200 per tonne.

The actual output and scrap were 85% and 8% in process I and 80% and 10% process in process II. Assume that there was no price variance.

You are required to find out the standard cost and actual cost per tonne of a product.

31. A gang of workers normally consists of 30 men, 15 women and 10 boys. They are paid at standard hourly rates as under:

Men	Rs 0.80
Woman	Rs 0.60
Boys	Rs 0.40

In a normal working week of 40 hours, the gang is expected to produce 2,000 units of output.

During the week ended 31st December, 2020, the gang consisted of 40 men, 10 women and 5 boys. The actual wages paid were @ Rs 0.70, Rs 0.65 and Rs 0.30 respectively. 4 hours per worker were lost due to abnormal idle time and 1,600 units were produced.

Calculate all labour variance.

**(2 × 15 = 30 Marks)**