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**BCMTPV 384**

**Choice Based Credit System VI Semester B.Com.**

**Examination, September 2022**

**(2021-22 Batch Onwards)**

**COST ACCOUNTING – II**

Time : 3 Hours

Max. Marks : 80

***Instruction*** : Provide working notes ***wherever*** necessary.

SECTION – A

Answer **any four** of the following :

**(4×4=16)**

1. What is job order costing ? Explain its features.
2. Write a note on Sales budget and Purchase budget.
3. From the following details ascertain the value of plant transferred to another contract and Plant at site as on 31<sup>st</sup> December 2020.

A cement mixing plant was purchased and issued to contract site on 1<sup>st</sup> January 2020 for Rs. 80,000, installation charges amounted to Rs.20,000.

Of the plant charged to contract, plant which cost Rs. 3,000 were lost. On 30<sup>th</sup> June, plant was transferred to another contract. An additional plant was purchased on 1<sup>st</sup> October, for Rs. 2,00,000. Charge depreciation on plant at 10%.

P.T.O.



4. The output from process X totaled 2500 units. It was considered that 200 units were an abnormal loss. Normal loss allowed was 10%. Additional information obtained was as under :

Material at Rs. 10 per unit, labour Rs. 8,000, Overheads Rs. 6,700, wastage realized Rs. 5 per unit.

You are required to prepare process account.

5. From the following find out Break-even point units and volume.

Variable cost per unit Rs.30.

Total fixed cost Rs.1,08,000.

Selling price per unit Rs. 40.

6. From the following particulars of Deemani Ltd. find out the cost of joint products M, N, O under average unit cost method.

Pre-separation cost for the month of June was Rs. 90,000. Other production information are as follows :

Joint Products	Units Produced (Kg)
M	1,500
N	600
O	900

#### SECTION – B

Answer **any four** of the following :

**(4×8=32)**

7. Manu Ltd. made a profit of Rs.1,85,000 after considering the following :

	Rs.
Depreciation on fixed assets	5,000
Profit on sale of building	10,000



Loss on sale of machinery	4,000
Provision for taxation	10,000
Transfer to general reserve	10,000
Amortization of fictitious asset	2,000

The other details of the year are as under:

	<b>As on 31.3.2020</b>	<b>As on 31.3.2021</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Debtors	18,000	17,000
Creditors	12,000	9,000
Bills receivables	7,000	4,000
Bills payables	3,000	4,000
Bank Account	1,000	1,500

Calculate the operating cash profit and cash flow from operation.

8. Maadhavi Ltd. furnishes the following information of its cost and profit for the year 2020 and 2021

<b>Year</b>	<b>Cost (Rs.)</b>	<b>Profit (Rs.)</b>
2020	12,00,000	2,00,000
2021	15,00,000	3,00,000

Compute the following :

- a) Profit-Volume ratio
- b) Fixed Cost
- c) Profit when the sales are Rs. 20,00,000
- d) The estimated sales when the desired profit is Rs. 2,50,000.



9. A product passes through three processes A, B and C. The normal wastage of A – 3%, B – 5% and C – 8%. Wastage of process A was sold at 25 paise per unit, that of B at 50 paise per unit and that of C at Re. 1 per unit. 10,000 units were issued to process A at a cost of Re. 1 per unit. The other details are as follows :

	<b>A</b>	<b>B</b>	<b>C</b>
Sundry Materials (Rs.)	1,000	1,500	1,500
Labour (Rs.)	5,000	6,500	6,500
Direct expenses (Rs.)	1,050	1,188	1,050
Actual output (units)	9,500	9,100	8,100

Prepare process accounts.

10. The Swami Chemical Ltd. produces three joint products A, B, and C. The joint cost for June 2021 was Rs. 64,000. It is estimated that profit on each of the joint product will be 30%, 25% and 20% respectively. The subsequent expenses were : A – Rs. 3,600, B – Rs. 2,500, C – Rs. 1,000 and Sales for June 2021 were : A – Rs. 48,000, B – Rs. 32,000, C – Rs. 20,000.

Prepare a statement showing apportionment of the joint expenses of production to joint products.



11. Write a note on the following :

- a) Escalation and De-escalation clause in contract agreement.
- b) Certificate of Work and Retention money.

12. Briefly explain the advantages and limitations of standard costing.

SECTION – C

Answer **any two** of the following :

**(2×16=32)**

13. From the following data prepare Cash flow statement for the year ended 31<sup>st</sup> March, 2018 together with the relevant ledger accounts.

**Balance sheet as on 31<sup>st</sup> March**

<b>Liabilities</b>	<b>31/3/17</b>	<b>31/3/18</b>	<b>Assets</b>	<b>31/3/17</b>	<b>31/3/18</b>
Equity share capital	3,00,000	4,00,000	Land and building	2,00,000	1,70 000
Preference shares	1,50,000	1,00,000	Plant and Machinery	80,000	2,00,000
General Reserves	40,000	70,000	Goodwill	1,15,000	90,000
Profit and Loss A/c	30,000	48,000	Inventories	77,000	1,09,000
Provision for taxation	40,000	50,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Bills receivables	20,000	30,000
Creditors	55,000	83,000	Cash in hand	15,000	10,000
Bills Payable	20,000	16,000	Cash at bank	10,000	8,000
	<b>6,77,000</b>	<b>8,17,000</b>		<b>6,77,000</b>	<b>8,17,000</b>



**Additional Information :**

- a) Depreciation charged in 2017-18 plant Rs.10,000 and land and building Rs. 20,000.
- b) Interim dividend paid in 2017-18 Rs. 20,000.
- c) Income tax paid in the year 2017-18 Rs. 35,000.

14. Pragathi Builders Ltd. having an authorized capital of Rs. 1,00,000 divided into 1,000 ordinary shares of Rs.100 each, commenced operations on 1<sup>st</sup> January 2020 and during the year was engaged in a contract, the contract price being Rs. 4,00,000. The trial balance extracted from their books on 31<sup>st</sup> December, 2020 stood as follows :

	<b>Rs.</b>	<b>Rs.</b>
Share Capital being 80% paid up		80,000
Creditors		8,000
Land and building at cost	34,000	
Cash at bank	9,000	
Materials	80,000	
Plant	15,000	
Wages	1,05,000	
Expenses	5,000	
Cash received being 80% of work certified		1,60,000
	<b>2,48,000</b>	<b>2,48,000</b>



Of the plant and materials charged to the contract, plant costing Rs. 2,000 and material costing Rs. 2,000 were destroyed by an accident.

On 31<sup>st</sup> December 2020 plant which cost Rs. 4,000 was returned to store, value of materials on site was 4,000, cost of work uncertified was Rs. 2,000.

Charge depreciation at the rate of 10% on plant.

Prepare the Contract account for the year and the Balance Sheet as on 31<sup>st</sup> December 2020 and show your calculation of the amount to be credited to Profit and Loss account.

15. A company is expecting to have Rs. 2,50,000 cash in hand on 1<sup>st</sup> April 2015 and it requires you to prepare a cash budget during the three months of April to June 2015.

<b>Month</b>	<b>Sales (Rs)</b>	<b>Purchases (Rs)</b>	<b>Wages (Rs)</b>	<b>Expenses (Rs)</b>
February	7,00,000	4,00,000	80,000	60,000
March	8,00,000	5,00,000	80,000	70,000
April	9,20,000	5,20,000	90,000	70,000
May	10,00,000	6,00,000	1,00,000	80,000
June	12,00,000	5,00,000	1,20,000	90,000



**Additional information :**

- a) Period of credit allowed by suppliers two months.
- b) 25% of sales is for cash and the period of credit allowed to debtors is one month.
- c) Delay in payment of wages and expenses one month.
- d) Income Tax Rs. 2,50,000 is to be paid in June 2015.

16. Briefly explain the Non cost and cost method of accounting for By-products.

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