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Reg. No. : .....

Name : .....

Sixth Semester B.Com. Degree Examination, April 2017
First Degree Programme under CBCSS
Core Course : CO 1642/CX 1642/TT 1642/HM 1642/ CC 1643
APPLIED COSTING
(2014 Adm.)
(Common for Commerce/Commerce & Tax Procedure and Practice/ Commerce and Tourism and Travel Management/Commerce and Hotel Management and Catering /Commerce with Computer Applications)

Time : 3 Hours Max. Marks : 80

SECTION – A

Answer **all** questions in **one** or **two** sentences **each**. **Each** question carries **one** mark.

1. What is Retention money ?
2. What is EBQ ?
3. What is abnormal gain ?
4. Explain service costing.
5. What is angle of incidence ?
6. Define standard cost.
7. What is P/V ratio ?
8. What are Co-products ?
9. Distinguish between basic standard and current standard.
10. Define job costing.

(10×1=10 Marks)

SECTION – B

Answer **any eight** questions. **Each** question carries **2** marks.

11. Explain job costing procedure.
12. Determine the amount of fixed cost from the following.
    Sales Rs. 10,00,000, variable cost Rs. 6,00,000, profit Rs. 1,50,000
13. Compare Economic batch quantity for a company using batch costing with the following information.
    Monthly demand for the component 2000 units
    Set up cost per batch Rs. 120
    Annual rate of interest 6%
    Cost of manufacture per unit Rs. 6

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14. Distinguish between normal loss and abnormal loss.

15. Gemini Chemical Industries provide the following information from their records : For marking 10 Kgs of GEMCO, the standard material requirement is

Material	Quantity (Kgs)	Rates per Kg. Rs.
A	8	6.00
B	4	4.00

During April 2016 1000 Kgs of GEMCO were produced. The actual consumption of material is as under :

Material	Quantity (Kgs)	Rates per Kg. Rs.
A	750	7.00
B	500	5.00

Calculate material usage variance.

16. What are the assumptions of marginal costing ?

17. Mention the methods of apportionment of joint cost.

18. What is 'escalation clause' in contracts ?

19. What are the disadvantages of job costing ?

20. List out the classification of costs in service (or operating) costing ?

21. What is margin of safety ? How is it calculated ?

22. Calculate P/V ratio of the following

Sales Rs. 6,00,000, Variable cost Rs. 4,50,000, Fixed cost Rs. 1,00,000

(8×2=16 Ma

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SECTION – C

Answer **any six** of the following. **Each** question carries **4** marks.

23. A process passes through 3 distinct processes : 'X', 'Y' and 'Z'.

From the following information relating to process 'Y' prepare process 'Y' Account and Abnormal Loss Account.

Output of process 'X' (950 units)	Rs. 9,500
Raw materials	Rs. 1,980
Direct Wages	Rs. 3,000
Normal Loss	10%
Scrap sold (per unit)	4
Number of units produced	840
General chargeable expenses	100% of direct wages

24. Janatha Transport Company has been given a route of 20 Km. long to run a bus. The bus cost the company a sum of Rs. 50,000. It has been insured at 3% p.a. and the annual tax will amount to Rs. 1,000. Garage rent is Rs. 100 per month. Actual repairs will be Rs. 1,000 and the bus is likely to last for 5 years.

The drivers salary will be Rs. 150 per month and the conductors salary will be Rs. 100 per month in addition to 10% of the takings as commission (to be shared by the conductors and driver equally). Cost of stationery will be Rs. 50 p.m. Manager-cum-accountants salary is Rs. 350 p.m.

Petrol and oil will be Rs. 25 per 100 Km. The bus will make 3 round trips carrying on the average 40 passengers on each trip. Assuming 15% profit on takings, calculate the bus fare to be charged from each passenger. The bus will run on an average 25 days in a month.

25. What is a cost plus contract ? What are the advantages and disadvantages of it ?

26. What are the limitations of standard costing ?

27. The fixed cost amounts to Rs. 50,000 and the percentage of variable cost to sale is 60%. 100% capacity sales of the concern is Rs. 3,00,000. Find out the BEP. Also determine its profit at 80% capacity.

28. Point out the differences between joint products and Co-products.

29. From a joint process 500 units of product X, 300 units of Y and 200 units of product Z are obtained which have market values of Rs. 40, Rs. 50 and Rs. 30 per unit respectively. The post split off costs were Rs. 5,000 for X, Rs. 5,000 for Y and Rs. 1,000 for Z.

The joint cost amounted to Rs. 18,000. Apportion the joint costs among the products.

30. What are the circumstances under which a product is sold at below marginal cost ?

31. Define by product. What are the features of by products ? **(6×4=24 Marks)**

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SECTION – D

Answer **any two** of the following. **Each** question carries **15** marks.

32. The product of a manufacturing concern passes through two processes. A and B before reaching the finished stock. It is estimated that in each process, normally 5% of the total weight is lost; 10% becomes scrap which from processes A and B realises Rs. 80 and Rs. 200 respectively.

The following are the other details.

	Process A	**Process B**
Materials (tons)	1000	70
Cost of materials (per ton)	125	200

Wages	28,000	10,000
Manufacturing expenses	8,000	5,250
Output (tons)	830	780

Prepare the process accounts showing cost per ton of each process. There is no stock of work in progress.

33. In a tailoring shop, Pants and Shirts are tailored for which there is only one cutting specialist in cutting which is the limiting factor. The following relate to the charges and expenses per unit of pants and shirts

	Pants	Shirts
Total charge on customer	Rs. 700	Rs. 300
Tailoring Expense	Rs. 200	Rs. 100
Cutting charge (Rs. 100 per hour)	Rs. 200	Rs. 100
Variable Expense	Rs. 50	Rs. 40

Present the above information to show the profitability of products during the shortage in cutting specialist.

34. The following particulars relate to a contract of the contract price of Rs. 5,00,000 commenced on 1st Jan. 2016.

	Rs.
Work certified till 31st Dec. 2016	4,80,000
Cost of work uncertified on 31st Dec. 2016	3,000
Cash received from contractor	3,84,000
Materials used	2,10,000
Labour	1,80,000
Indirect expenses	20,000

It is informed that the contract would be finished by 15th January 2017. It i estimated that the further expenses required for completing the work would be

Materials	Rs. 6,000
Labour	Rs. 5,000
Other expenses	Rs. 3,000

Prepare contract account for the year ended 31st December 2016 showing clea the amount that would be transferred to profit and loss account.

35. What do you mean by joint cost and subsequent cost ? Explain the different methods of apportionment of input costs. (2×15=30

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