Reg. No. : .....

Name : .....

Sixth Semester B.Com. Degree Examination, April 2018
First Degree Programme Under CBCSS
Core Course : CO 1642/CX 1642/TT 1642/HM 1642/CC 1643
APPLIED COSTING
(2014 Admn. Onwards)
(Common for Commerce/Commerce and 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. **Each** question carries **one** mark.

1. Define job costing.
2. What is de escalation clause ?
3. Name two industries where process costing is conveniently employed.
4. What is marginal costing ?
5. What do you mean by joint product ?
6. What is basic standard ?
7. What is split off point ?
8. Define service costing.
9. What is sub contract ?
10. What is angle of incidence ? **(10×1=10 Marks)**

P.T.O.

SECTION – B

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

11. From the following information calculate the amount of contribution and profit sales Rs. 10,00,000, variable cost Rs. 7,00,000, fixed cost Rs. 1,50,000.

12. Explain the three types of contract.

13. State the features of batch costing.

14. What is work in progress ? How it is calculated ?

15. List out the different methods of apportionment of joint cost.

16. Compute the economic batch quantity from the following information

    Actual demand for the product 4000 units

    Setting up cost Rs. 100

    Cost of manufacture per unit Rs. 2,000

    Rate of interest per annum 10%.

17. Joint cost of the product X and Y is Rs. 60,000 and the market values of X and Y are Rs. 40,000 and Rs. 80,000. Apportion the joint costs on the basis of the market value at split off point.

18. You are given the following :

    Margin of safety Rs. 60,000, representing 40% of sales p/v ratio is 50%.

    Calculate :

    i) Break even sales

    ii) Fixed cost.

19. Explain extra work with example in the context of contract account.

20. Explain the features of service costing.

21. A coke manufacturing company produces the following products from 10560 tonnes of coal at Rs. 20 per ton.

Coke	6000 tonnes
Tar	3000 tonnes
Benzole	400 tonnes
Sulphate of ammonia	200 tonnes

Apportion the cost amongst the products on the basis of the physical unit and method.

22. The cost of a component number XO11 manufactured to assemble cycles is as under :

	Rs.
Direct material	16
Direct labour	12
Variable overheads	10
Fixed overheads	08
Cost per unit	46

The same component can be obtained from other manufacturers at Rs. 42 each. The company requires 10,000 units of the component per annum. Should the firm manufacture it or buy from outside ? **(8×2=16 Marks)**

SECTION – C

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

23. Differentiate between job costing and contract costing.

24. What is notional profit ? Why do you create reserve out of notional profit ? What is the treatment of notional profit ?

25. 900 units were introduced from process X and Y at a cost of Rs. 60 per unit. The expenses of the process were labour Rs. 12,000, material Rs. 3,240 and overhead at 50% of labour. Normal wastage expected in the process was 10% of the units introduced to the process with a scrap value of Rs. 8 per unit. The actual output of the process Y was 820 units to be transferred to process Z.

Prepare Process Y Account, Abnormal Gain Account and Normal Wastage Account.

26. How estimated cost is differentiated from standard cost ?

27. Z Ltd. manufactures product A which yields two by-products X and Y in a period, the amount spent up to the point of separation was Rs. 26,000. Subsequent expenses were :

	A (Rs.)	B (Rs.)	C (Rs.)
Materials	300	200	150
Direct wages	400	300	200
Overheads	300	270	280
Total	**1,000**	**770**	**630**

Gross sales value of product A, X and Y was Rs. 15,000, Rs. 10,000 and Rs. 5,000 respectively. It is estimated that the net profit as percentage of sales in case of X and Y would be 25 percent and 20 percent respectively.

Ascertain the profit from the Process of Product A.

28. A company manufactures and markets three products X, Y and Z. All the three products are made from the same set of machines. Production is limited by machine capacity. From the following data given below, indicate priorities for products X, Y and Z with a view to maximising profits.

	Products		
	X	Y	Z
Raw material cost per unit in Rs.	11.25	16.25	21.25
Direct labour cost per unit in Rs.	2.50	2.50	2.50
Other variable cost per unit in Rs.	1.50	2.25	3.55
Selling price per unit in Rs.	25.00	30.00	35.00
Standard machine time required per unit in minutes	39	20	28

29. From the following information, compute Price and Quantity variables from the data given below :

	Standard			Actual		
	Quantity in kilos	Price	Total	Quantity in kilos	Price	Total
Material A	10	3	30	15	4	60
Material B	15	4	60	25	3	75
Material C	25	2	50	35	2	70
Total	**50**		**140**	**75**		**205**

30. A transport service company is running five buses between two towns which are 50 kms apart. Seating capacity of each bus is 50 passengers. The following particulars were obtained from their books for April, 2016.

Wages of drivers, conductors and cleaners	Rs. 24,000
Salaries of office staff	Rs. 10,000
Diesel oil and other oil	Rs. 35,000
Repairs and maintenance	Rs. 8,000
Taxation, insurance etc.	Rs. 16,000
Depreciation	Rs. 26,000
Interest and other expenses	Rs. 20,000
	Rs. 1,39,000

Actual passenger carried were 75 percent of seating capacity. All buses ran on all days of the month. Each bus made one round trip per day. Find out the cost per passenger km.

31. The following relate to a concern

Variable cost per unit	Rs. 15
Fixed cost	Rs. 54,000
Selling price per unit	Rs. 20

Calculate break even sales. What should be the selling price per unit if break-even point should be brought down to 6000 units ? **(6×4=24 Marks)**

SECTION – D

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

32. Marginal costing helps the management in making decision on some of the crucial managerial problems. Explain.

33. The following details are extracted from cost records of an oil refinery for the week ending 30th April 2016. Purchases of 5400 kgs. of oil seeds for Rs. 1,89,000.

Items	Crushing	Refining	Finishing
Cost of labour	2,500	1,100	1,600
Electric power	1,200	750	680
Sundry materials	300	1,750	–
Factory expenses	1,400	620	200
Cost of casks			8,000

3,200 kg of crude oil was produced. 2,600 kg of oil was produced by the refining process. 2,550 kg of oil was finished for delivery. Sacks sold for Rs. 600. 1,925 kg of oil cake sold for Rs. 12,000. Loss in weight in crushing 275 kg. 500 kg of by-products obtained from refining process sold for Rs. 7,500.

You are required to show the accounts in respect of each of the above stages of manufacture for the purpose of arriving at the cost per kgs of each process.

34. Manoj undertook a contract on 1st April 2013 for a contract of Rs. 50 lakhs. The following relate to the contract for the year ending 31st March 2014.

Materials issued	18,00,000
Wages paid	14,00,000
Sundry expenses paid	80,000
Sundry expenses outstanding	20,000
Materials transferred from other contracts	3,00,000

Plant installed on 1st October 2013	3,00,000
Value of plant transferred from other contracts	2,00,000
Value of plant at site on 31-3-2014	2,20,000
Materials at site on 31-3-2014	60,000
Materials transferred to other contracts	40,000
Work uncertified	2,00,000
Cash received being 75% of work certified	30,00,000

Prepare Contract Account. Show the items in the Balance Sheet. Also show how the items will appear in the Work-in-progress Account and Contractee's Account.

35. Multiple products Ltd. has two Projects; Project X and Project Y. Their budgeted Profit and Loss account for the year ending 31st March 2016 is as follows :

	Project X		Project Y	
Sales		6,00,000		6,00,000
Less : Variable cost	3,00,000		3,60,000	
Fixed cost	1,00,000	4,00,000	40,000	4,00,000
Budgeted profit		2,00,000		2,00,000

You are required to calculate :

a) The break-even points of each concern.

b) Sales required to earn a profit of Rs. 3,00,000 each.

c) State which business is likely to earn greater profit in conditions of heavy demand for the product (boom) and low demand for the product (depression). **(2×15=30 Marks)**
