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Reg. No. : .....

Name : .....

Sixth Semester B.Com. Degree Examination, March 2020

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 **1** mark. :

1. Define cost accounting.
2. What is job costing?
3. What do you mean by economic batch quantity?
4. What is escalation clause?
5. Define process costing.
6. What is a joint product?
7. Give two examples of running charges in transport industry.

8. Define marginal cost.

9. What is P/V ratio?

10. Explain material mix variance.

(10 × 1 = 10 Marks)

SECTION – B

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

11. Why does abnormal loss arise? How will you treat it in cost accounts?

12. State merits of cost plus contract.

13. Give four applications of marginal costing.

14. State four salient features of service costing.

15. What are the features of absorption costing?

16. From the following calculate the amount of profit to be credited to Profit and Loss A/c. Notional profit Rs.30,000; Stage of completion of contract 80%; Cash received as a percentage of work certified 75.

17. Compute the EBQ from the following:

    Annual demand for the component 24,000;

    Set-up cost per batch Rs.120;

    Carrying cost per unit of production Rs.0.36.

18. A truck starts with a load of 10 tonnes of goods from station P. It unloads 4 tonnes at station Q and rest of the goods at station R. It reaches back directly to station P after getting reloaded with 8 tonnes of goods at station R. The distances between P to Q, Q to R and then from R to P are 40 kms., 60 kms. and 80 kms. respectively. Compute absolute tonne-km.

19. From the following data, you are required to calculate P/V Ratio.

Fixed expenses Rs.90,000; Variable cost per unit Rs.9; Selling price per unit Rs.12.

20. From a joint process, 20,000 units of A, 25,000 units of B and 25,000 units of C are obtained. The cost before split off point for the three products is Rs.1,40,000. Apportion the joint costs among the products using average unit cost method.

21. Calculate break-even sales from the following data.

Profit Rs.1,00,000(25% of sales); P/V Ratio 50%.

22. A manufacturing concern which has adopted standard costing furnishes the following information:

Standard:	
Price of materials	Rs.1 per kg.
Actual:	
Materials used	280000 kg
Cost of materials	Rs.2,52,000

Calculate Material price variance.

(8 × 2 = 16 Marks)

SECTION – C

Answer **any six** questions. Each question carries **4** marks.

23. Calculate Equivalent production, from the following data:

Units introduced into process	3500 units
Units completed	2650 units
Closing work-in-progress	400 units
Degree of completion:	
Materials	80%
Labour and Overheads	60%

Normal loss is 10% of the input.

24. From the following particulars relating to Job No.1515, find out the total cost and estimated selling price:

Direct materials Rs.17,600; Direct labour Rs.8,000

Works overheads are recovered on the basis of 50% on prime cost and administrative overheads 10% of works cost. Estimated selling price should include 20% profit on selling price.

25. From the following data calculate P/V Ratio, BEP, Profit when sales are Rs.80,000 and Sales required to earn a profit of Rs.20,000.

Sales Rs.1,00,000;

Variable cost Rs.60,000;

Fixed cost Rs.30,000

26. A manufacturing company finds that while the cost of making a component part is Rs.10, the same is available in the market at Rs.9 with an assurance of continuous supply.

Should the company make or buy this component? The cost information is as follows:

Material Rs.3.50; Direct labour Rs.4.00; Other variable expenses Rs.1.00; Fixed expenses Rs.1.50.

27. From the following data, calculate material yield variance:

Consumption for 100 units of product

	Standard Mix	Actual Mix
Material A	40 units @ Rs.50 per unit	50 units @ Rs.50 per unit
Material B	60 units @ Rs.40 per unit	60 units @ Rs.45 per unit

28. How do you calculate profit on incomplete contract?

29. Bring out the differences between marginal costing and absorption costing.

30. Explain the different methods of apportionment of joint costs.

31. Distinguish between standard costing and budgetary control.

(6 × 4 = 24 Marks)

SECTION – D

Answer **any two** questions. Each question carries **15** marks.

32. A firm of building contractors began to trade on 1st April, 2017. Following was the expenditure on the contract for Rs.3,00,000:

Materials issued contract Rs.51,000;

Plant used for contract Rs.15,000;

Wages incurred Rs.81,000;

Other expenses incurred Rs.5,000.

Cash received on account to 31st March,2018, amounted to Rs.1,28,000 being 80% of the work certified. Of the plant and materials charged to the contract, plant which cost, Rs.3,000 and materials which cost Rs.2,500 were lost. On 31st March, 2018 plant which cost Rs.2,000 was returned to store, the cost of work done uncertified was Rs.1,000 and materials costing Rs.2,300 were in hand on site.

Charge 15% depreciation on plant, and take to the profit and loss account 2/3 of the profit received. Prepare Contract Account, Contractee's Account and Balance Sheet from the above particulars.

33. Moon Ltd. has two plants viz. Plant X and Plant Y. The following are the operating details of these two plants under the company:

Particulars	Plant X (Rs.)	Plant Y (Rs.)
Sales	10,00,000	8,00,000
Variable cost	6,00,000	5,00,000
Fixed cost	2,00,000	2,00,000
Capacity utilisation	100%	50%

It is required to merge both the plants. You are required to ascertain the following:

(a) Break-even sales and break-even capacity of merged plant.

(b) Profit and profitability of operating the merged plant at 90% of the capacity.

(c) Capacity level of operation, if profit of Rs.4,00,000 has to be made by the merged plant.

34. A company manufactures its sole product by passing the raw material through distinct processes in its factory. During the month of April, 2018, the company purchased 96,000 kg. of raw material @ Rs.5 per kg. and introduced the same in process 1. Further particulars of manufacture for the month are given below:

	Process 1	Process 2	Process 3
Material consumed (Rs.)	33,472	27,483	47,166
Direct labour (Rs.)	80,000	72,000	56,000
Overhead (Rs.)	1,20,000	1,08,000	84,000
Normal waste in process as % of input	3%	1%	1%
Sale value of waste (Rs. per kg.)	2	3	5
Actual output during the month (kg.)	93,000	92,200	91,500

Prepare process accounts. Prepare abnormal loss/gain account also.

35. The standard mix to produce one unit of a product is as follows:

Material A	60 units @ Rs.15 per unit	=	Rs.900
Material B	80 units @ Rs.20 per unit	=	Rs.1,600
Material C	100 units @ Rs.25 per unit	=	Rs.2,500
	240		Rs.5,000

During the month of April 2018, 10 units were actually produced and consumption was as follows

Material A	640 units @ Rs.17.50 per unit	=	Rs.11,200
Material B	950 units @ Rs.18.00 per unit	=	Rs.17,100
Material C	870 units @ Rs.27.50 per unit	=	Rs.23,925
	2,460		Rs.52,225

Calculate:

(a) Material cost variance

(b) Material price variance; and

(c) Material usage variance.

(2 × 15 = 30 Marks)