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Reg. No. : .....

Name : .....

Sixth Semester B.Com. Degree Examination, June 2022

First Degree Programme Under CBCSS

CORE COURSE : CO 1642/CX 1642/TT 1642/HM 1642/CC 1642 – APPLIED COSTING

(2019 Admission)

(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)

Special Examination

Time : 3 Hours Max. Marks : 80

SECTION – A

Answer **all** questions in **one** or **two** sentences each. Each question carries **1** mark.

1. What is job order costing?
2. What is EBQ?
3. Name two industries where process costing is employed.
4. How by products will be treated in costing when they are of small value?
5. Give two examples for composite unit.
6. Which are the service units used in canteen costing?
7. How is contribution different from profit?
8. If the P/v ratio of a firm is 30%, what will be the variable cost ratio?

P.T.O.

9. Define standard costing.

10. What is unfavourable variance?

(10 × 1 = 10 Marks)

SECTION – B

Answer any **eight** questions in not exceeding **one** paragraph each. **Each** question carries **2** marks.

11. What is work in progress in contract?

12. What are fixed price contracts?

13. Why does abnormal loss arises?

14. What is meant by equivalent production?

15. What is Daily Log Sheet?

16. What is angle of incidence?

17. What type of decisions are made with the help of service costing?

18. What happens to breakeven point when unit selling price of the product increases?

19. How does key factor affect the decision about the profitability of a product?

20. Which are two ways by which P/V Ratio can be improved?

21. What is a basic standard?

22. What is material yield variance?

23. Calculate the value of work in progress:

    Cash received ₹48,00,000 being 80% of Work Certified. Work completed but not certified ₹ 2,00,000

24. Calculate the number of units initially introduced in Process I:

    Output 1,350 units, Normal Loss 8% of Input, Abnormal Loss 30 units

25. A truck carrying 8 tons of goods over 230 kilometres per day for 25 days in a month. Calculate tonne k.ms.

26. Material cost variance is ₹ 9,400 (favourable)

Material usage variance is ₹ 8,200 (adverse).

Find material price variance.

(8 × 2 = 16 Marks)

SECTION – C

Answer any **six** questions in not exceeding **120** words each. **Each** question carries **4** marks.

27. What is the costing procedure used in batch costing?

28. Distinguish between Job Costing and Process Costing.

29. What are the main objects of motor transport costing?

30. What are the assumptions underlying cost volume profit analysis?

31. What is material price variance? What are reasons for it?

32. What are the advantages of standard costing?

33. Calculate the value of abnormal loss:

Input 100 units at a cost of ₹ 1,000

Other process cost ₹ 602

Normal Loss 10% of Input with a scrap value of ₹ 3 each.

Output 75 units.

34. The following information is extracted from the job ledger in respect of job no. 2:

Materials: ₹ 6,800

Wages : 80 hours @ ₹ 5 per hour

Variable overheads incurred for all jobs is ₹ 10,000 for 4,000 labour hours.

Find the profit if the job is billed for ₹ 8,400.

35. From the following information, calculate room days of a Hotel:

Number of rooms	300
Occupancy rate	90%
No. of days in a month	30
No. of working months in a year	7

36. Fixed overhead ₹ 2,40,000; Variable cost per unit ₹ 15 and Selling price per unit ₹ 30. Find out:

    (a) Break even sales units and

    (b) If the selling price is reduced by 10%, what will be the new breakeven point?

37. A manufacturing company finds that while it costs ₹ 6.25 to make each component X, the same is available in the market at ₹ 4.85 each, with an assurance of continued supply. The breakdown of cost is:

	₹/unit
Materials	2.75
Labour	1.75
Other variables	0.50
Depreciation and other fixed costs	1.25
Total	6.25

    Whether to make or buy this component?

38. Given that the cost standards for materials consumption are 40 kgs. at ₹ 10 per kg. Compute the variances when actuals are 48 kgs. at ₹ 12 per kg.

(6 × 4 = 24 Marks)

SECTION – D

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

39. "Cost-volume profit analysis is a very useful technique to management for cost control, profit planning and decision making". Explain.

40. Following information has been taken from the costing records of a company in respect of Job No: 325.

Direct materials ₹ 7,500

Wages:

Dept. A 100 hours ₹6 per hour

Dept. B 50 hours @ ₹ 4 per hour

Dept. C 40 hours@ ₹ 3 per hour

Variable overhead for these three departments were estimated as follows:

Dept. A ₹ 6,000 for 3,000 hours

Dept. B ₹ 3,000 for 2,000 hours

Dept. C ₹ 1,500 for 1,500 hours

Fixed overhead is estimated as ₹ 30,000 for 20,000 normal working hours.

You are required to calculate the cost of the job and price to be quoted to give a profit of 25% on selling price.

41. 10,000 units of raw materials are introduced into a process at a cost of ₹ 20,000. Wages and overheads for the process are ₹ 5,100 and ₹ 3,400 respectively. 7,500 units were completed; of the remaining 2,500 units on the average 40% work has been done in respect of labour and overheads.

Prepare

(1) Statement of Equivalent Production.

(2) Statement of Cost

(3) Statement of Evaluation, and

(4) Process Account.

42. Fixed expenses ₹ 4,000 Breakeven point ₹ 10,000

Calculate

(1) P/V ratio

(2) Profit when sales are ₹ 20,000

(3) Sales to earn profit of ₹ 6,000

(4) New breakeven point if selling price is reduced by 20%

(5) New breakeven point if variable cost is increased by 25%

43. A truck owner provides you the following information:

Capacity of truck	10 tonnes
Distance covered each way	50 kms
Number of round trips per day	2
Number of days operated	₹ 25 days a month
Operating cost of a truck	₹ 55,000 per month.

On outward trip freight is available to the extent of 90% capacity and on return 20% of capacity.

Calculate

(1) Tonne - kms per month -

(2) Operating cost per tonne - km

(3) Rate per tonne - km per trip to be charged so as to earn a profit of 50% on freight

(4) Freight earned per outward trip

(5) Freight earned per inward trip.

44. Compute appropriate material variances from the data given below:

Standard price of materials	₹ *5* per kg
Standard quantity of material required per unit of output	3 Kg
Value of material purchased	₹ 7,875
Actual production	375 units
Material purchased	1,500 kg
Opening stock of material	200 kg
Closing stock of material	400 kg

(2 × 15 = 30 Marks)

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