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Reg. No. : .....

Name : .....

Sixth Semester B.Com. Degree Examination, April 2023

First Degree Programme under CBCSS

Core Course

CO 1642/CX 1642/TT 1642/HM 1642/CC 1643 : APPLIED COSTING

(2014-2017 Admission)

(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. Each question carries 1 mark.

1. State the suitable method of costing for pharmaceutical industry.
2. Give the formula to compute material price variance.
3. What is equivalent production?
4. State the meaning of service costing with an example.
5. How do you compute cash break-even point?
6. What is Economic Batch Quantity?
7. What is cost plus contract?
8. State the meaning of joint product.

P.T.O.

9. What is meant by standard cost?

10. What is composite cost unit?

(10 × 1 = 10 Marks)

SECTION – B

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

11. Total expenditure of the contract which is 90 per cent complete to date is Rs.23,00,000. Further estimated expenditure to complete the contract is Rs.3,00,000, work certified Rs.28,00,000. If contract price is Rs.32,00,000, compute the estimated profit of the contract.

12. In January 2022 a textile factory produced 2,000 units of finished product and 800 units of work in progress having 75% completion. Compute total equivalent production units of the factory.

13. APG hospital runs an ICU in a hired building. The ICU Consists of a normal capacity of 35 beds and 5 more beds can be added if required. In the year 2022, 35 beds were occupied for 280 days and 25 beds were occupied for another 80 days. If the hospital also hired 750 additional beds during the year to accommodate the patients on the days of excess demand within extra limit, compute the number of patient days for the year.

14. M/s AKP Ltd is committed to supply 24,000 per annum bearings to its customer on a daily basis. It is estimated that it costs Re 0.10 as inventory holding cost per bearing per month and that the set-up cost per run of bearing manufacturing is 324.Calculate the optimum quantity of bearing to be produced in a batch of production.

15. What is abnormal loss? How do you treat it in process costing?

16. Mention the uses of CVP analysis.

17. How do you select the most profitable product mix under marginal costing?

18. State any four assumptions of break-even analysis

19. From the given data in respect of products M and N you are required to recommend the product to be manufactured when time is the key factor. Contribution per unit: M Rs 80, N Rs.90; standard hours to produce M 2 , N 3.

20. List the steps involved in standard costing

21. The standard material mix of product K2 is: 60 kg Material X @ Rs.25 and 40 kg Material Y @ Rs.50. If the standard and actual output are 70 and 75 compute the material yield variance.

22. Mention the different ways of improving profit performance of a business.

(8 × 2 = 16 Marks)

SECTION – C

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

23. Input 100 units of Rs.1000; 10% scrap Rs.100; If actual output is 87 units Calculate Abnormal loss.

24. Give a note on key factor in the context of marginal costing.

25. Kerala transport runs 4 buses between two towns which are 100 kms apart. The seating capacity of each bus is 40 passengers. Actual passengers carried were 80% of the seating capacity. All the 4 buses ran for 25 days in December 2022 making one round trip per day. Calculate the total passenger-kms for the month.

26. The following information is extracted from the job ledger of Print Enterprises in respect of Job Number 201: Materials Rs.10,000; Wages 50 hours @ Rs120/hr; Variable overheads incurred for all jobs Rs.1,50,000 for 5,000 labour hours. Find the profit if the job is billed for Rs. 20,000.

27. The following data are from the books of M/s. ST Coke Ltd.

Joint products	Yield (kg) of recovered products per tonne of coal
Coke	700
Coal tar	60
Benzol	10
Sulphate of Ammonia	30
Gas	200
Total	1000

The price of coal is Rs.80 per tonne. The direct labour and overhead costs to the point of split-off are Rs.40, and Rs.60 respectively per tonne of coal. Calculate the material, labour and total cost of each product on the basis of weight.

28. Sony Ltd incurs cost of Rs.6 to make component X. The breakdown of cost is: Materials Rs.2.50 each, Labour Rs. 1.75 each, Variable overheads Rs.0.50 each, and fixed cost Rs. 1.25 each. The company is having spare capacity.

(a) Should the company make or buy the component X if it is available in the market at Rs.5.75 each, with all assurance of continued supply?

(b) What, will be your answer if the market rate is Rs 4.50 unit.

29. The standards for direct material set to manufacture a product were: 2 units of A @ Rs 4 per unit and 3 units of B @ Rs.3 per unit. The Direct material incurred for manufacturing 6000 units were: 12,500 units of A at Rs. 4.50 per unit 18,000 units of B at Rs 2.50 per unit. Compute material variances.

30. Explain features of process costing.

31. State the basic differences between absorption costing and marginal costing.

(6 × 4 = 24 Marks)

SECTION – D

(Long Essay) Answer any **two** questions. **Each** question carries **15** marks.

32. A firm produced and sold 400 units of a product per month. The selling price of the product is Rs.100 per unit and the variable cost per unit is Rs 80. If the firm earned a monthly profit of Rs. 2,000, Calculate: (a) PV Ratio (b) the estimated profit when 320 units are produced in the month (c) the sales to be made to earn a profit of Rs 8,000 per month.

33. A product passes through two processes. The output of first process is treated as the raw material of the second process and the output of the second process is transferred to finished stock.

Particulars	Process I	Process II
Units issued	10,000	–
Materials issued (Rs)	40,000	20,000
Labour (Rs)	9,000	9,500
Manufacturing overhead (Rs)	9,800	14,960
Output (Units)	9,750	9,400
Normal loss (%)	2	4

No stock of materials or of work-in-process was left at the end. Compute the cost of the finished goods.

34. The following balances were extracted from the books of a building contractor on 31st March, 2022.

Particulars	Rs.
Materials issued to site	6,27,000
Wages Paid	7,32,800
Wages outstanding on 31.3.22	7,200
Plant issued to site	60,000
Direct charges paid	27,250
Establishment charges	56,750
Stock of materials at site on 31.3.22	12,000
Value of work certified on 31.3.22	16,00,000
Cost of work not yet certified	35,000
Cash received on account of architect's certificate	14,00,000
Contract price agreed	24,00,000
Depreciation of plant	25%
Work commenced on	1-4-21

Prepare contract account for the year, calculate the Profit or Loss in the contract to date and make such provision in the contract account as you consider desirable.

35. Malayalam Transport Company supplies the following details in respect of a truck.

Particulars	
Capacity of truck (Tonne)	5
Cost of truck (Rs.)	4,80,000
Estimated life (Years)	10
Scrap value (Rs)	Nil

Particulars	
Repairs and maintenance per month (Rs)	5,000
Drivers' wages per month (Rs)	5,500
Cleaners' wages per month (Rs)	2,500
Insurance per year (Rs)	4,800
Tax per year (Rs)	2,400
General supervision charges per year (Rs)	4,800
Diesel, oil, grease per trip each way (Rs)	200

The truck carries goods to and from the city covering a distance of 50 km. each way; In outward trip, freight is available to the extent of full capacity and on return 20% of capacity.

Assuming that the truck makes only one trip per day on an average of 25 days a month, compute: (a) Operating cost per tonne-km. (b) Rate per tonne per trip (ie. per day) that the company should charge, if a profit of 50% on cost is to be earned.

(2 × 15 = 30 Marks)