

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 Admission 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)**

Special Examination

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions. **Each** question carries 1 mark.

1. What do you mean by Job Costing?
2. What is Process Costing?
3. Write a short note on Contract Costing.
4. What is work-in-process?
5. What do you understand by Joint Products?
6. What is Service Costing?

P.T.O.



7. What do you understand by analysis of variance?
8. What is Angle of Incidence?
9. What is limiting factor?
10. Furnish the formula to calculate the value of Abnormal Process Loss.
(10 × 1 = 10 Marks)

SECTION – B

Answer **any eight** of the following. **Each** question carries **2** marks.

11. Give any two features of Job Costing.
12. What do you understand by Abnormal Process Loss?
13. What is 'work certified'?
14. What is profit/volume Ratio?
15. What is break-even point?
16. What do you understand by equivalent production?
17. A Company budgets for a production of 1,50,000 units. The variable cost per unit is Rs.14 and fixed cost per unit is Rs.2 per unit. The company fixes the selling price to fetch a profit of 15% on cost. Calculate breakeven point.
18. On the basis of the following data find out the amount of profit :

Fixed cost	–	Rs. 1,75,000
Sales	–	Rs. 7,50,000
P/V Ratio	–	35%



19. Find out the amount of profit if P/V ratio is 30% and margin of safety is Rs. 3,30,000.

20. Following is the data of a manufacturing concern :

The standard quantity of materials required for producing one ton of output is 40 units. The standard price per unit of materials is Rs. 3. During a particular period 90 tons of output was undertaken. The materials required for actual production were 4,000 units. An amount of Rs. 14,000 was spent on purchasing the materials. Calculate Material Cost Variance.

21. In the Congo Timber Mills, the milling operations to the split off point during a period amounted to Rs. 72,000 with the following production :

	Units
First grade timber	3,000
Second grade timber	6,000
Third grade timber	3,000

Apportion the joint cost on average unit cost method.

22. Following information is given for a process for the month of March, 2017 :

Opening work-in-progress	(1,000 Units)
Materials (100% Complete)	4,000
Labour (50% Complete)	2,000
Overheads (50% Complete)	1,500
Units introduced during the process	6,000



There are 1,500 units in the process at the end and their stages completion is estimated as follows :

Materials	90%
Labour	60%
Overheads	50%

5,500 units were transferred to the next process. The process costs for the period are :

	Rs.
Materials	43,950
Labour	17,200
Overheads	11,000

You are required to calculate equivalent production.

(8 × 2 = 16 Marks)

SECTION – C

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

23. What are the limitations of Absorption Costing?
24. Write a short note on escalation clause.
25. Explain the objectives of cost volume profit analysis.
26. Enumerate the objectives of Standard Costing.



27. Compute the Economic Batch Quantity for a company using batch costing with the following information :

Annual demand for the component	2,000 units
Setting up cost	Rs. 100
Cost of manufacturing one unit	Rs. 200
Rate of interest p.a.	5%

28. From the following particulars prepare the cost sheet for Job No. 333 and find out the value of the job :

Materials issued for the job	Rs. 6,000
Productive wages	Rs. 4,600
Direct expenses	Rs. 500

Provide 60% on productive wages for works on cost and 12½ % on works cost for office on cost. Profit to be realised on the selling price 15%.

29. The following information is given in respect of Process A :

Material	–	1,000 kgs @ Rs. 6 per kg
Labour	–	Rs. 5,000
Direct expenses	–	Rs. 1,000

Indirect expenses allocated to Process A Rs. 1,000

Normal wastage – 10% of input

Prepare Process A Account when scrap value of normal loss is nil.

30. A lorry starts with a load of 20 tonnes of goods from Station A. It unloads 8 tonnes at station B and rest of goods at station C. It reaches back directly to station A after getting reloaded with 16 tonnes of goods at station C. The distance between A to B, B to C and then from C to A are 80 kilometres, 120 kilometres, and 160 kilometres respectively. Compute 'Absolute tonne-kilometres' and 'Commercial tonne-kilometres'.



31. The following data are available from the records of a company :

	Rs.
Sales	60,000
Variable Cost	30,000
Fixed Cost	15,000

You are required to calculate Profit Volume Ratio, Breakeven Point and Margin of Safety at this level.

(6 × 4 = 24 Marks)

SECTION – D

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

32. The standard cost of material for manufacturing a unit of a particular product is estimated as 16 kg. of raw materials @ Re. 1 per kg. On completion of the unit, it was found that 20 Kg. of raw material costing Rs. 1.50 per kg. has been consumed. Compute Material Cost Variance.
33. Global Pharma processes a product through three distinct stages, the product of one process being passed on to the next process and so on to the finished product intact. Details of the cost incurred in each process are given below :

	Process A	Process B	Process C
	Rs.	Rs.	Rs.
Raw Materials	1,150	1,050	700
Direct Wages	500	600	700

The overhead expenses for the period amounted to Rs. 3,600 and are to be distributed to the processes on the basis of direct wages.

There were no stocks in any of the processes either at the beginning or at the close of the period.

Assuming that the output was 1,000 kilograms, show the process cost of A, B and C indicating also the cost per kilogram of each element of cost and the output in each process.



34. The following are the particulars relating to a contract which has begun on 1st January, 2017 :

	Rs.
Contract price	5,00,000
Machinery	30,000
Materials	1,70,600
Wages	1,48,750
Direct expenses	6,330
Outstanding wages	5,380
Uncertified work	9,000
Overheads	8,240
Materials returned	1,600
Materials on hand – 31 st December, 2017	3,700
Machinery on hand – 31 st December, 2017	22,000
Value of work certified	3,90,000
Cash received	3,51,000

Prepare the Contract Account for the year 2017 showing the amount of profit that may be taken to the credit of Profit and Loss Account of the year. Also show the amount of the work-in-progress as it would appear in the Balance Sheet of the year.



35. An automobile manufacturing company finds that the cost of making Part No. 208 in its own workshop is Rs. 6. The same part is available in the market at Rs.5.60 with an assurance of continuous supply. The cost data to make the part are :

	Rs.
Material	2.00
Direct Labour	2.50
Other variable cost	0.50
Fixed cost allocated	1.00
Total	6.00

Should the part be made or bought?

Will your answer be different if the market price is Rs. 4.60? Show your calculations clearly.

(2 × 15 = 30 Marks)

