

Reg. No. :

Name :

Sixth Semester B.Com. Degree Examination, March 2021.

First Degree Programme under CBCSS

Core Course : CO 1642/ CX 1642/ TT 1642/ HM 1642/ CC 1643

APPLIED COSTING

(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)

(2015 – 2017 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

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

1. In which type of industries is job costing applicable?
2. What is cost plus contract?
3. What is process account?
4. What is normal loss?
5. What is composite cost unit?
6. What is the formula for computing cost per tonne kilometer?
7. Give two ways by which P/V ratio can be improved.

8. What is meant by breakeven point?
9. What is material cost variance?
10. What is favorable variance?

(10 × 1 = 10 Marks)

SECTION – B

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

11. What is escalation clause?
12. What is equivalent production?
13. What are joint products?
14. Mention two objects of transport costing.
15. What is angle of incidence?
16. Distinguish between fixed cost and variable cost.
17. Define variance.

18. Annual demand: 12,800 units

Setup cost per batch: Rs. 100

Annual rate of interest 10%

Cost of production per unit Rs.40

Compute the economic batch quantity.

19. A transport company operates 5 buses on a route 120 kms. long. Each bus makes three round trips per day on all 30 days in a month. On an average 10% of the vehicles are in garage for repairs and maintenance. You are required to ascertain the total distance covered by the buses in one month period.

20. Calculate Material Price Variance

Standard: 20 kg @ Rs.5 per kg.

Actual: 22 kg @ Rs.6 per kg.

21. Compute abnormal loss.

Input introduced 1,000 kg

Output to next process 830 kg

It is estimated that in the process 5% of total weight is lost and 10% is scrap.

22. From the following information, find out the amount of profit during the year using marginal costing technique:

Fixed cost Rs. 4,00,000

Variable cost Rs. 10 per unit

Selling price Rs. 15 per unit

Output level 1,50,000 units

(8 × 2 = 16 Marks)

SECTION – C

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

23. Explain the procedure for ascertaining job cost.

24. What are the features of process costing?

25. How does marginal costing help in selecting a suitable sales mix?

26. What are the benefits of variance analysis?

27. A contractor undertook a contract for Rs.6,00,000 and 70% of the work was completed. However, architect gave certificate only for **50%** of the contract price on which 80% was paid. Cost incurred to date is Rs.3,50,000. Calculate the value of work certified and payment received.

28. The following figures have been taken from the books of a manufacturing company Pre separation point cost Rs.2,40,000

Product	Units produced
X	6,000
Y	4,000
Z	2,000

You are required to apportion joint cost under average unit cost method.

29. Following details relate to the transportation of goods by a transport company

	Quantity (tons)	Distance (km)
1st June	50	40
2 nd June	35	30
3 rd June	20	70
5 th June	10	35
6 th June	30	50

If the total cost is Rs. 22,050, calculate cost per ton-kilometre.

30. Fixed overhead	Rs.1,20,000
Variable overhead	Rs.2,00,000
Direct wages	Rs.1,50,000
Direct materials	Rs.4, 10,000
Sales	Rs. 10,00,000

Calculate breakeven point.

31. A manufacturing concern, which has adopted standard costing, furnished the following information.

Standard Material for 70 kg finished product: 100 kg.

Price of materials: Rs.2 per kg.

Actual Output: 4,20,000 kg.

Material used: 5,60,000 kg.

Cost of material: Rs. 10,08,000.

Calculate Material Cost Variance

(6 × 4 = 24 Marks)

SECTION – D

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

32. What is operating costing? What are the industries where operating costing can be applied?
33. Following information is obtained from T Ltd.:

	Product A	Product B
Selling price per unit	150	120
Direct material @ Rs.15 per kg	60	30
Direct labour @ Rs.10 per hour	50	60
Variable overhead	10	10
Total fixed overheads Rs. 16,000		

Comment on the profitability of each product when

- (a) Total sales potential in units is limited
- (b) Total sales potential in value is limited
- (c) Raw material is in short supply
- (d) Labour is in short supply

34. Following information is available:

	Standard			Actual		
	Units	Rate	Amount	Units	Rate	Amount
Material A	500	10	5,000	600	8	4,800
Material B	1,000	5	5,000	1,200	6	7,200

Compute:

- Material cost variance
 - Material price variance
 - Material usage variance
 - Material mix variance
35. From the following details, prepare process account by following FIFO method:

Opening work-in-progress	- 2000 units
Materials (100% complete)	Rs.5,000
Labour (60% complete)	Rs.3,000
Overheads (60% complete)	<u>Rs. 1,500</u>
	Rs.9,500

Units introduced into the process - 8,000 units

There are 2,000 units in progress and the state of completion is estimated to be

Material 100%

Labour 50%

Overheads 50%

8,000 units are transferred to the next process

The process costs for the period are:

Materials	Rs. 96,000
Labour	Rs. 54,600
Overheads	Rs. 31,200

(2 × 15 = 30 Marks)