

Reg. No. :

Name :

Sixth Semester B.Com. Degree Examination, April 2022

First Degree Programme under CBCSS

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

APPLIED COSTING

(2018 & 2019 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

Very short answer. Answer **all** questions. Each question carries **1** mark.
(**one** sentence to maximum **two** sentences.)

1. What is job costing?
2. Write any two industries using Batch costing.
3. What is economic batch quantity?
4. What is escalation clause?
5. What is equivalent production?
6. What is co-product?
7. What is Ideal standard?
8. Define Absorption costing.
9. What is P/V ratio?
10. What is logsheet?

(10 × 1 = 10 Marks)

P.T.O.

SECTION – B

Short Answer. Answer **any eight** questions. Each question carries **2** marks. (Not to exceed **one** paragraph)

11. Write any four industries using job costing.
12. Write notes on bill of material.
13. Write formula to calculate economic batch quantity.
14. Who are the parties involved in the contract?
15. What is retention money?
16. Name four industries where process costing is applied.
17. What is the meaning of normal loss?
18. How to calculate the cost of abnormal loss?
19. What is joint cost?
20. Write two examples for joint product.
21. What are the steps involved in service costing?
22. What are the two basic features of marginal costing?
23. What is break even analysis in broader sense?
24. What is angle of incidence?
25. What is material cost variance?
26. Write two advantages of standard costing.

(8 × 2 = 16 Marks)

SECTION – C

Short Essay. Answer **any six** questions. Each question carries **4** marks. (Not to exceed **120** words).

27. Distinguish between job costing and contract costing.
28. Enumerate the features of process costing.
29. What are the rules to be followed while transferring notional/ estimated profit to P&L A/c?
30. What are the different types of standards?

31. What are the different uses of P/V ratio? Give equations.
32. What are the objectives and procedures in power house costing?
33. M/s ABC Bearings Ltd. is committed to supply 24,000 bearings per annum to M/s Polar Fans Ltd. on a steady daily basis. It is estimated that it costs Re. 0.10 as inventory holding cost per bearing per month and set-up cost per run of bearing manufacturing is Rs.324.
- What would be the optimum run size for bearing manufacturer?
 - What would be the interval between two consecutive optimum runs?
 - What is the minimum inventory holding cost?
34. Compute P/V ratio from the following information
Selling Price per unit Rs 10, Variable Cost per unit Rs.4
- If selling price is reduced by 20%
 - If selling price is increased by 20%
 - If variable cost is decreased by 25%
 - If variable cost is increased by 25%
35. From the following information, prepare a Process Account. 1,000 units at Rs 40 per unit were introduced in Process I:
- | | |
|---------------------|--------|
| Labour cost | 5,000 |
| Material | 20,000 |
| Production overhead | 3,500 |
- The normal process loss has been estimated at 10% of the input which can be sold at Rs.10 per unit. Actual production was 920 units.
36. 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' and 'Commercial tonne-km'.

37. From the following data pertaining to the year 2018-2019 prepare a cost sheet showing the cost of electricity generated per kWh by National Thermal Power Station.

Total units generated	20,00,000 KWH
	Rs.
Operating labour	1,00,000
Repairs and maintenance	1,00,000
Lubricants, spares and stores	80,000
Plant supervision	60,000
Administration overheads	40,000

Coal consumed per kwh for the year is 2.5 Kg. @ Re. 0.02 per kg. Depreciation charges @ 5% on capital cost of Rs. 4,00,000.

38. A contract is estimated to be 80% complete in its first year of construction as certified. The contractee pays 75% of value of work certified, as and when certified and makes the final payment on the completion of contract., Following information is available for the first year.

Cost of Work-in-Progress Uncertified	8,000
Profit Transferred to Profit and Loss A/c at the end of year 1 on Incomplete Contract	60,000
Cost of Work to Date	88,000

Calculate the

- (a) Value of Work-in-Progress Certified and
(b) Amount of Contract Price.

(6 × 4 = 24 Marks)

SECTION – D

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

39. What are the advantages and disadvantages of standard costing?

40. A company manufactures a chemical product by a series of operations in three processes. Raw material is fed into Process I and the finished chemical that comes out of Process III is transferred to finished goods store. The following particulars relating to operations for April 2019 are given below

	Process I	Process II	Process III
Raw materials issued 80,000 kgs.	9,60,000		
Direct wages	1,25,600	1,72,000	1,42,500
Overhead costs	1,68,000	1,77,280	1,24,690
Normal processing loss (% of input)	3%	2%	1%
Output transferred to next process 74,000 kgs.		69,400 kgs.	69,000 kgs.
Work-in-process (cb)	3,000	2,400	

(Processed material awaiting transfer to next process)

Prepare the accounts of Processes I, II, and III and also abnormal loss and abnormal gain accounts, if any.

41. Surya Construction Ltd. with a paid up share capital of 50 lakhs undertook a contract to construct MIG apartments. The work commenced on the contract on 1st April 2018. The contract price was Rs.60 lakhs. Cash received on account of the contract upto 31st March, 2019 was 18 lakhs (being 90% of the work certified). Work completed but not certified was estimated at 1,00,000. As on 31st March, 2019 material at site was estimated at Rs. 30,000, Machinery at site costing 2,00,000 was returned to stores and wages outstanding were 25,000. Plant and Machinery at site is to be depreciated at 5%. Following were the ledger balances (Dr.) as per trial balance as on 31st March, 2019:

	Rs.
Land and Building	23,00,000
Site expenses	5,000
Plant and Machinery (60% at site)	25,00,000
Office expenses	12,000
Furniture	60,000
Rates and taxes	15,000
Materials	14,00,000
Cash at bank	1,33,000
Fuel and Power	1,25,000
Wages	2,50,000

Prepare Contract Account and Balance Sheet.

42. XYZ Company manufactures a product ABC by mixing three raw materials. For every 100 kgs. of ABC 125 kgs raw materials are used. In April, 2019, there was an output of 5,600 kgs. of ABC. The standard and actual particulars of April 2019 are as follows:

Raw Material	Standard		Actual	
	Mix(%)	Price per kg.	Mix(%)	Price per kg.
I	50	40	60	42
II	30	20	20	16
III	20	10	20	12

Calculate all variances.

43. The following information is given by Tushar Ltd:

Profit	Rs.12,000
Fixed Cost	Rs.24,000
Margin of Safety	Rs.30,000

You are required to Calculate:

- Profit Volume Ratio
- Break Even Sales and Actual Sales
- Profit when sales are 10% above the Break Even Sales
- Sales to earn profit of Rs.4,000
- Sales to earn profit 10% on sales
- New B.E.P. if selling price is to be reduced by 10%
- New B.E.P. if variable cost is to be increased by 25%.

