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G – 1513

Reg. No. : ....

Name : ....

Sixth Semester B.Com. Degree Examination, April 2019
First Degree Programme under CBCSS
Core Course : CO 1642/CX 1642/TT 1642/HM 1642/CC 1643
APPLIED COSTING
(2014 Admn. 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)

Time : 3 Hours | Max. Marks : 80

SECTION – A

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

1. What is Job Costing ?
2. Give a brief account of Batch Costing.
3. What do you understand by Retention Money ?
4. What do you mean by by-products ?
5. Furnish the formula to calculate the value of Abnormal Process Gain.
6. Bring out the meaning of Absorption of Overheads.
7. What are cost plus contracts ?
8. What is meant by Normal Process Loss ?
9. What is the formula to calculate B.E.P. ?
10. What is Margin of Safety ? **(10×1=10 Marks)**

SECTION – B

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

11. What are the advantages of job costing ?
12. What do you mean by semi-variable costs ? Give examples.
13. What are the characteristics of process costing ?
14. Name two industries where job costing method is applied.
15. What is Cost-Volume-Profit analysis ?

P.T.O.

16. What is material yield variance ?

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

Production per year	12,000 units
Set up cost per batch	Rs. 150
Carrying cost per unit	Rs. 0.20

18. Write the formula to calculate material cost variance.

19. Determine the amount of variable cost from the following particulars :

	Rs.
Sales	1,50,000
Fixed cost	30,000
Profit	40,000

20. The sales turnover and profits during two periods are as under :

Period	**Sales (Rs.)**	**Profit (Rs.)**
I	20,00,000	2,00,000
II	30,00,000	4,00,000

Calculate P/V Ratio.

21. Find out the amount of profit if P/V ratio is 30%; margin of safety is $33\frac{1}{3}\%$ and sales are Rs. 9,90,000.

22. The following information is extracted from the job ledger of Skyline Enterprises in respect of Job No. 123 :
Materials Rs. 6,800; wages 100 hours @ Rs. 5; variable overheads incurred for all jobs Rs. 10,000 for 5,000 labour hours.
Find the profit if the job is billed for Rs. 9,000. **(8×2=16 Marks)**

SECTION – C

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

23. Discuss the different methods of calculating profit on an incomplete contract.

24. Briefly explain the procedure involved in Job Costing.

25. What are the basic features of contract costing ?

26. What are the assumptions underlying Cost-Volume Profit Analysis ?

27. The following data relate to Job No. 777 :
Materials Rs. 50,000, wages Rs. 30,000, Chargeable expenses Rs. 10,000. Calculate factory overheads at 20% of wages and office and administrative overheads at 5% of factory cost. Ascertain the total cost of the job.

28. 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 variances.

29. From the following details, find out
    a) Profit Volume Ratio
    b) Breakeven Point
    c) Margin of Safety.

	Rs.
Sales	1,00,000
Total costs	80,000
Fixed costs	20,000
Net Profit	20,000

30. Mr. Mohan undertook a contract for constructing a building on 1st July 2016 for Mr. Satheesh. The contract price is Rs. 75,000. He incurred the following expenses :

	Rs.
Materials consumed	25,000
Materials in hand at the end	1,000
Wages	35,000
Direct expenses	20,000
Plant purchased	10,000

The contract was completed on 31-3-2017. The contract price was duly received. Provide depreciation at 10% p.a. on plant and charge indirect expenses at 20% on wages. Prepare Contract Account in the books of Mr. Mohan.

31. From the following information, calculate material mix variance :

Materials	Standard		Actual	
	Quantity (Units)	Price per unit (Rs.)	Quantity (Units)	Price per unit (Rs.)
A	40	10	50	12
B	60	5	50	8

(6×4=24 Marks)

SECTION – D

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

32. From the following data relating to Vehicle A, compute the cost per running mile :

Mileage run (annual)	Rs. 15,000
Cost of vehicle	Rs. 25,000
Road license (annual)	Rs. 750
Insurance (annual)	Rs. 700

Garage rent (annual)	Rs. 600
Supervision and salaries	Rs. 1,200
Driver's wages per hour	Rs. 3
Cost of fuel per gallon	Rs. 3
Miles run per gallon	20 miles
Repairs and maintenance per mile	Rs. 1.65
Tyre allocation per mile	Rs. 0.80
Estimated life of vehicle	1,00,000 miles

Charge interest at 5% per annum on cost of vehicle. The vehicle runs 20 miles per hour on an average.

33. The following was the expenditure on a contract for Rs. 6,00,000 commenced in January, 2014 :
Materials Rs. 1,20,000; Wages Rs. 1,64,400; Plant Rs. 20,000; Business Charges Rs. 8,600.
Cash received on account to 31st December, 2014 amounted to Rs. 2,40,000 being 80% of work certified; the value of materials in hand at 31-12-2014 was Rs. 10,000. Prepare the Contract Account for 2014 showing the profit to be credited to the year's Profit and Loss Account. Plant is to be depreciated at 10%.

34. 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 :
a) Scrap value of normal loss is nil and
b) Scrap arising out of normal loss has a sale value of Re. 1 per unit.

35. Two business AB Ltd. and CD Ltd. sell the same type of product in the same market. Their budgeted profits and loss accounts for the year ending 30th June, 2012 are as follows :

	AB Ltd.	**CD Ltd.**
	Rs.	**Rs.**
Sales	1,50,000	1,50,000
Less variable cost	1,20,000	1,00,000
Fixed cost	15,000	35,000
Budgeted net profit	15,000	15,000

You are required to calculate the Break Even point of each business and state which business is likely to earn greater profits in conditions of
a) Heavy demand for the product
b) Low demand for the product. **(2×15=30 Marks)**