

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 1642

APPLIED COSTING

(2018 Admission Regular)

(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

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

1. What is De-Escalation Clause?
2. Name any two Specific order costing.
3. What is Retention money?
4. What is work uncertified?
5. What is notional profit?
6. Write any two expenses incurred by hospitals.
7. Write any two problems in setting standards.

P.T.O.

8. What is normal process loss?
9. What is waste?
10. What is split off point?

(10 × 1 = 10 Marks)

SECTION – B

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

11. Define Batch costing.
12. What is process costing?
13. Where we can apply a batch costing?
14. What is a joint product?
15. What is economic batch quantity?
16. Write any two methods of apportionment of joint cost.
17. Define marginal costing.
18. What is contribution?
19. What is break even point?
20. What is margin of safety?
21. Define standard costing.
22. What is variance?
23. What are composite cost units?
24. Define job costing.
25. What is a byproduct?
26. What is abnormal gain?

(8 × 2 = 16 Marks)

SECTION – C

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

27. Briefly discuss the Job Costing Procedure.
28. Prepare a specimen form of a contract account.
29. Distinguish between Job costing and Process costing.
30. Discuss the distinction between Absorption costing and Marginal costing.
31. Define operating costing. What are its features.
32. Compute the Economic Batch Quantity for a company using batch costing with the following information.

Annual demand for the parts	4,000 units
Setting up cost	Rs. 100
Cost of Manufacture : One unit	Rs. 200
Rate of interest per annum	10%

33. Gangaram Construction Limited undertook a number of contracts during 2020. Following particulars are available as regards the construction of a canteen building :

Materials at site on 1.1.2020	2,000
Materials purchased	50,000
Materials supplied from stores	10,000
Materials returned to stores	1,000
Materials costing Rs. 2,000 were stolen	
Materials worth Rs. 200 destroyed by fire	
Materials costing Rs.1,000 were sold for Rs.800	

Materials in hand at the end of the year	10,000
Materials received from hospital contract which was completed	20,000
Materials transferred to cinema contract	500
Plant issued to contract on 1.1.2020	50,000
Plant returned to stores	1,000
Plant costing Rs. 2,000 was sold for Rs. 2,500	
Plant worth Rs. 500 was stolen	
Plant worth Rs. 300 was destroyed by an accident	
Plant in hand at the site at the end of the year	10,000

Show how these transactions will appear in the Contract Account.

34. Write up Contract Account No. 99 from the following particulars.

Direct materials	9,000
Wages	6,000
Special plant	4,000
Stores issued	1,600
Loose Tools	750
Other expenses	1,300
Expenses of workmen	600
Contract price	30,000

- (a) The contract was completed in 20 weeks at the end of which period special plant is returned subject to a depreciation of Rs. 800.
- (b) The value of loose tools and stores returned were Rs.500 and Rs.200 respectively.
- (c) The value of the tractor was Rs. 9,750 and depreciation was to be charged to this contract at the rate of 20 percent per annum for 20 weeks.
35. Product X requires three distinct process and after the third process the product is transferred to finished stock. You are required to prepare various process accounts from the following information :

	Total	P1	P2	P3
	₹	₹	₹	₹
Direct materials	5,000	4,000	600	400
Direct labour	4,000	1,500	1,600	900
Direct expenses	800	500	300	—
Production overheads	6,000	—	—	—

Production overheads to be allocated to different processes on the basis of 150% of direct wages. Production during the period was 200 units. Assume there is no opening or closing stock.

36. Marginal costing (Prob 5) the following figures are supplied to you:

Fixed cost	₹ 1,00,000
Capacity sales	₹ 4,00,000
Variable cost	35 paise for each unit
Selling price per unit	₹ 1

Calculate the profit or loss at 60% capacity at the price of ₹ 1.50 per unit.

37. The standard cost card shows the following details relating to the material needed to produce 1 kg of groundnut oil :

Quantity of groundnut required	3 kgs.
Price of groundnut	Rs. 2.50 per kg.
Actual production data	Production during the week : 1,000 kgs.
Quantity used	3,500 kgs
Price of groundnut per kg.	Rs. 3

Calculate :

- Material cost variance.
 - Material price variance.
 - Material usage variance.
38. From the following data, calculate the cost per kilometer of a vehicle.

Value of vehicle	15,000
Road licence fee per year	500
Insurance charges per year	100
Garage rent per year	600
Driver's wages per month	200
Cost of petrol per litre	3.60
Kilometres per litre	8
Proportionate charges for tyre and maintenance per km	0.20
Estimated life	1,50,000 kms
Estimated annual kilometreage	6,000
Ignore interest on capital	

(6 × 4 = 24 Marks)

SECTION – D

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

39. Define contract costing. What are its features? Distinguish between Job costing and contract costing. Also discuss the treatment of notional profit in incomplete contracts.
40. From the information given below relating to an unfinished contract ascertain;
- (a) Profit on work certified
- (b) Cost on work in progress at the end of the year

Materials sent to site	86,000
Labour engaged on site	65,000
Plant issued	80,000
Direct expenses	8,000
Establishment charges	4,000
Materials returned to stores	600
Work certified	1,90,000
Uncertified work	7,700
Material in hand	2,000
Wages accrued	300
Cash received	1,61,500
Depreciation on plant	7,000

41. Product X is obtained after it passes through three distinct processes. You are required to prepare Process accounts from the following information :

	Total	P1	P2	P3
	₹	₹	₹	₹
Material	15,084	5,200	3,960	5,924
Direct wages	18,000	4,000	6,000	8,000
Production overheads	18,000			

1,000 units @ Rs. 6 per unit were introduced in process I. Production overhead to be distributed as 100% on direct wages.

Process	Actual output Unit	Normal loss	Value of scrap per unit
Process I	950	5%	4
Process II	840	10%	8
Process III	750	15%	10

42. You are given the following information relating to the production and sale of X Ltd. for the year 2015 and 2016 :

Year	2015	2016
Sales	76,000	1,30,000
Profit	—	6,000
Loss	4,800	—

Calculate :

- BEP Sale volume.
- Profit when sales are 1,20,000.
- Loss when the sales go down to the level of 60,000.
- Sales required to earn a Profit of 10,000.
- Margin of safety in 2016.

43. A furniture manufacturer uses sunmica tops for tables. From the following information, find out the price variance and cost variance.

Standard quantity of sunmica per table	:	4 sq. ft.
Standard price per sq. ft of sunmica	:	5
Actual production of tables	:	1000
Sunmica actually used	:	4300 sq. ft
Actual purchase price per sq.ft.	:	5.50

44. From the following data, find out in an appropriate cost sheet form the generating cost of electricity per unit in an Iron and Steel Works during the month of April, 2020.

(a) Fuel :	Coal at the beginning of the month	500 tons
	Supply during the month	1100 tons
	Balance at the end of the month	400 tons

Annual contract for supply of coal F.O.R. colliery at Rs. 10 per ton. Add 10% to cover freight and handling charges.

(b) Oil : 10 tons at Rs. 250 per ton.

(c) Water : 50,000 litres, pumping charges at 25 paise per 100 litres.

(d) Depreciation of Steam Boiler : Capital value Rs.24,000 and the rate of depreciation is 12% per annum.

(e) Salaries and wages of the Boiler House:

10 men at Rs. 100 per month each :

40 coolies at Rs.20 per month each:

(f) Recovery on account of sale of ashes: 100 tones at Re. 1 per ton.

(g) Salaries and wages of the generating station:

50 men at Rs.100 per month each

20 coolies at Rs.20 per month each

(h) Repairs and maintenance of the generating equipments Rs. 2,600

(i) Depreciation of Generating Equipment: Capital Value Rs. 1,20,000 and the rate of depreciation is $12\frac{1}{2}\%$ pa.

(j) Share of administration charges : Rs. 1,750

(k) Number of units generated : 1,46,000

(l) Loss in the process : 2,000 units generated

(2 × 15 = 30 Marks)