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Reg. No. : ....

Name : ....

Eighth Semester B.Com. LL.B. (Five Year Integrated) Degree Examination, September 2021

Paper I – APPLIED COSTING

Time : 3 Hours Max. Marks : 80

SECTION – A

Answer any **five** questions. **Each** carries **2** marks.

1. What is Service Costing?

2. What is Variance?

3. What are Joint products?

4. Define Standard Costing.

5. A transport company is running 4 buses between two towns which are 50 kms apart. The seating capacity of each bus is 50 passengers and the actual passengers carried are 75% of the seating capacity. Assuming that each bus made one round trip per day and number of days operated as 30 days, calculate the total passenger kilometers.

6. From the following data. Calculate Margin of Safety

   Total sales — Rs. 3,60,000

   Fixed cost – Rs. 1,00,000

   Variable cost — Rs. 1,80,000

P.T.O.

7. Calculate Material Price Variance from the following :

Standard : 1200 units @ Rs. 3 per unit

Actual : 1050 units @ Rs. 2.50 per unit

(5 × 2 = 10 Marks)

SECTION – B

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

1. Calculate cost of sales from the following data : :

   Prime cost — Rs. 51,000

   Works overheads — Rs. 20% on prime cost

   Administration overheads — 10% on works cost

   Selling overheads — 5% on cost of production.

2. Compute Economic Batch Quantity from the following data :

   Annual Demand — 48,000 units

   Selling up cost — Rs. 120 per batch

   Manufacturing cost — Rs. 20

   Annual cost of capital and storage (carrying cost) — 10%

3. The following information is extracted from the Job Ledger of Aakash Enterprises in respect of Job No. 333

   Materials — Rs. 6,800

   Wages — 100 Hours @ Rs. 5

   Variable overheads incurred for all jobs — Rs. 10,000 for 5000 labour hours

   Find the Profit, if the job is billed for Rs. 90,000

4. Distinguish Marginal Costing and Absorption Costing.

5. Differentiate Job costing from Contract Costing.

(4 × 4 = 16 Marks)

SECTION – C

Answer any **four** questions. **Each** carries **6** marks.

1. The following is the data of a manufacturing concern. Calculate

   (a) Material Cost Variance

   (b) Material Price variance

   (c) Material Usage Variance

   The standard quantity of material 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 Rs. 4000 units. An amount of Rs. 14,000 was spent on purchasing the materials.

2. From the following data, calculate P/V Ratio, Breakeven point in units, and breakeven in sales :

   Output — 3000 units

   Selling price per unit — Rs. 30

   Variable cost per unit — Rs. 20

   Total fixed cost — Rs. 20,000

3. The accounts of a manufacturing company discloses the following information for six months ending 31-12-2016 :

Material used — Rs. 1,50,000

Productive wages — Rs. 1,20,000

Factory overheads — Rs. 24,000

Establishment and general expenses — Rs. 17,640

Opening stock of finished goods — Rs. 20,000

Closing stock of finished goods — Rs. 30,000

Carriage outward — Rs. 5,000

Sales of finished goods — Rs. 3,25,000

Prepare a cost sheet showing the elements of cost

4. What are the methods of assigning Joint costs?

5. The technique of Marginal costing is a valuable aid to management. Discuss.

(4 × 6 = 24 Marks)

SECTION – D

Answer any **two** questions. **Each** carries **10** marks.

1. Prepare Contract Account for the period ending 31-03-2017 :

Particulars	Rs
Contract Price	1,00,000
Materials sent to site	32,250
Labour engaged on site	27,400
Plant installed at site	5,650

Particulars	Rs
Work Certified	71,500
Cash received from contractee	65,000
Value of plant as on 31-03-2017	4,100
Cost of work done, but not certified	1,700
Direct expenditure	1,200
Cost of establishment	1,625
Wages outstanding on 31-03-2017	900
Materials in hand on 31-03-2017	700
Direct expenses outstanding on 31-03-2017	100
Materials returned to store	200

2. A company with its head office in Mumbai has two factories D and H. The data relating to the two factories are as under:

Details	Factory H	Factory H
Contribution Margin Ratio	40%	50%
Traceable fixed costs	12,50,000	10,50,000
Sales	36,25,000	19,00,000

The head office expenses amount to Rs. 2,00,000 :

Required :

(a) Analyze the data and state which the factories should be closed down.

(b) If the factory which you have recommended for closure desires to continue operations, what increase in sales target is necessary to justify continuance?

3. Kerala Chemicals has three processes through which its products pass for becoming a finished product. There is a loss of 2% in each process on the total weight put in and 10% scrap in all processes. The scrap realizes Rs. 5 per ton from Process 1, Rs. 7 per ton from Process 2 and Rs. 10 per ton from Process 3.

The detailed information of various processes is as follows :

Particulars	Process 1		Process 2		Process 3	
Passed to next process	60%		50%		–	
Sent to warehouse	40%		50%		100%	
Expenses :	Process 1		Process 2		Process 3	
Items	Rs.	Tons	Rs.	Tons	Rs.	Tons
Raw materials	1,50,000	500	24,480	136	7200	24
Labour cost	27,500		20,600		15,000	
General expense	12,500		9,200		5075	

Prepare Process Accounts showing cost per ton at each process.

4. What is Standard Cost? Discuss the preliminary steps for establishing a system of standard costing.

(3 × 10 = 30 Marks)