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Reg. No. : ....

Name : ....

Eighth Semester B.Com. LL.B. (Five Year Integrated) Degree Examination, November 2020

Paper I — APPLIED COSTING

Time : 3 Hours Max. Marks : 80

PART – A

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

1. What is Operating Costing?
2. What is Angle of Incidence?
3. What are By products?
4. Define Batch costing.
5. From the following data, ascertain by how much value of sales must be increased by the company to breakeven:

   Sales - Rs. 3,00,000

   Fixed cost - Rs. 1,50,000

   Variable cost - Rs. 2,00,000.

6. Calculate Material Price Variance from the following

   Standard: 1100 units @ Rs. 2 per unit

   Actual: 1050 units @ Rs. 2.25 per unit.

7. Calculate cost per mile of a vehicle from the following data

Fixed Expenses - Rs. 4,200

Estimated annual mileage - Rs. 1,50,000 miles

Cost of petrol per mile - Rs. 0.10

Cost type repair per mile - Rs. 0.20.

(5 × 2 = 10 Marks)

PART – B

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

1. Calculate P/V Ratio, Breakeven point and Margin of safety

   Total sales - Rs. 3,60,000

   Selling price per unit - Rs. 100

   Variable cost per unit - Rs. 100

   Fixed cost - Rs. 1,00,000.

2. Compute Economic Batch Quantity from the following data

   Annual Demand - 6400 units

   Setting up cost - Rs. 75 per batch

   Manufacturing cost - Rs. 6

   Annual cost of capital and storage (carrying cost) - 25 %.

3. From the following particulars, prepare cost sheet for Job No. 555 and find out the value of the job.

Materials issued for the job - Rs. 8,000

Productive wages - Rs. 4,000

Direct Expenses - Rs. 1,000

Provide 50% on productive wages for works on cost and 20% on works cost for office on cost.

Profit to be realized on the selling price is 10%.

4. Distinguish between Operating costing and Unit Costing.

5. State advantages of standard costing.

(4 × 4 = 16 Marks)

PART – C

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

1. The standard materials required for producing 100 units is 120 kgs. A standard price of 0.50 paise per kg is fixed and 240000 units were producing during the period. Actual materials purchased were 3,00,000 kgs at a cost of Rs 1,65,000. Calculate Material Variances.

2. The fixed costs amount to Rs. 50,000 and the percentage of variable costs to sales is given to $66^{2/3}$%. If 100% capacity sales are Rs. 3,00,000, find out the breakeven point and the percentage sales when it is occurred. Determine profit at 80% capacity.

3. The following information is extracted from the books of a contractor relating to Contract No. 101 which was commenced on 01-04-2017:

Particulars	Rs.
Materials purchased directly	63,000
Materials supplied from stores	26000
Direct wages	1,12,000
Chargeable expenses	14,600
Plant purchased	50,000
Materials returned to stores	12,000

The contract was completed at the end of the financial year ending 31-03-2018 and the contract price of Rs. 2,50,000 was received in full. On completion of the contract, plant was returned to stores after charging depreciation at 10% for full year. Indirect expenses are to be charged at 20% of direct wages. Prepare Contract Account and Contractee's Personal Account.

4. State the features of Process Costing.

5. What is Job Costing? State its objectives.

(4 × 6 = 24 Marks)

PART – D

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

1. Kerala Chemical Company supplies the following details from its cost records.

	Rs.
Stock of raw material (01-09-2017)	75,000
Stock of raw material (30-09-2017)	91,500
Direct wages	52,500
Indirect wages	2,750
Sales	2,00,000
Work in progress (01-09-2017)	28,000
Work in progress (30-09-2017)	35,000
Purchase of raw materials	66,000

	Rs.
Factory rent, rates, power	15,000
Depreciation on Plant and Machinery	3,500
Expenses on purchase	1,500
Carriage outwards	2,500
Advertising	3,500
Office rent and taxes	2,500
Traveller's wages and commission	6,500
Stock of finished goods (01-09-2017)	54,000
Stock of finished goods (30-09-2017)	31,000

Prepare a cost sheet showing maximum possible break up of cost and profit.

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 D	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 of 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. Ram Industries 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 ware house	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	7,200	24
Labour cost	27,500		20,600		15,000	
General expense	12,500		9,200		5,075	

Prepare Process Accounts showing cost per ton at each process.

4. Describe the managerial applications of Marginal costing.

(3 × 10 = 30 Marks)