

Reg. No. :

Name :

**Eighth Semester B.Com. LL.B. (Five Year Integrated) Degree Examination,
September 2019**

Paper I – APPLIED COSTING

Time : 3 Hours

Max. Marks : 80

PART – A

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

1. What is Marginal Costing?
2. What is Work Certified?
3. What is Abnormal Gain?
4. What is Process Costing?
5. Determine the amount of variable cost from the following data

Sales – Rs 150000

Fixed cost – Rs 30000

Profit – Rs 40000

6. Calculate Material Price Variance from the following

Standard: 1100 units @ Rs 2.25 per unit

Actual: 1050 units @ Rs 2 per unit

7. Calculate Break Even Sales

Fixed Cost — Rs 20000

Output — 3000 units

Selling Price per unit — Rs 30

Variable Cost per unit — Rs 20

(5 × 2 = 10 Marks)

PART – B

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

1. Compute Economic Batch Quantity from the following data

Annual Demand – 4000 units

Setting up cost – Rs 100 per batch

Manufacturing cost – Rs 200

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

2. X Ltd has an overall P/V ratio of 40%. The marginal cost of product 'A' is estimated to be Rs 30. Determine the selling price for Product 'A'.

3. From the following particulars, prepare cost sheet for Job No. 105 and find out the value of the job.

Materials issued for the job – Rs 6000

Productive wages – Rs 4600

Direct Expenses – Rs 500

Provide 60% on productive wages for works on cost and 12.5 % on works cost for office on cost.

Profit to be realized on the selling price is 15%

4. Distinguish between Job costing and Process Costing.
5. State the objectives of operating costing.

(4 × 4 = 16 Marks)

PART – C

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

1. From the following data, calculate Labour cost variance, Labour Rate of pay Variance and Labour Efficiency Variance.

Labour rate — 50 paise per hour

Hours per unit — 10 Hours

Units produced — 500

Hours worked — 6000

Actual labour cost — 2400

2. From the following data, you are required to calculate:

(a) P/V Ratio

(b) Break Even Sales with the help of P/V Ratio

(c) Sales required to earn a profit of Rs 450000

Fixed Expenses — Rs 90000

Variable cost per unit:

Direct Material — Rs 5, Direct Labour — Rs 2, Direct Expenses — Rs 100% of direct labour

Selling price per unit — Rs 12

3. X undertook a contract for constructing a building from Y on 01-01-2017 for a price of Rs 100000. He incurred the following expenses:

Material Consumed — Rs 30000

Materials in hand at the end — Rs 2000

Wages — Rs 45000

Direct Expenses —Rs 25000

Plant purchased — Rs 20000

The contract was completed on 30-06-2017 and the contract price was duly received. Provide

depreciation @ 10% on plant and charge indirect expenses @ 20% on wages. Prepare Contract Account.

4. Explain the steps in establishing a system of Standard Costing.
5. What is Unit Costing? State its objectives.

(4 × 6 = 24 Marks)

PART – D

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

1. From the following information, prepare a cost sheet for the year ended 31-12-2017.

Particulars	01-01-2017	31-12-2017
Stock of raw materials	65000	76000
Stock of work in progress	18000	25000
Stock of finished goods	46000	42000

Other items	
Wages paid	130000
Raw material purchased	315000
Direct expenses	10000
Factory overheads	50000
Administration overheads	32000
Selling and Distribution overheads	30000

2. Company A and Company B both under the same management make and sell the same type of product. Their budgeted profit and loss account are as follows:

Details	Company A	Company B
Sales	300000	300000
Less Variable cost	240000	200000
	60000	100000
Less Fixed cost	30000	70000
Profit	30000	30000

You are required to:

- (a) Calculate P/V Ratio
- (b) Calculate the break even points in Value
- (c) Calculate the sales volume at which each of the two companies will make a point of Rs 10000
- (d) State with reason, which company is likely to earn greater profits in conditions of:
 - (i) Heavy demand for the product
 - (ii) Low demand for the product

3. Product X passes through three processes A, B and C. In each process, 2% of total input is lost and 10% is scrap. The scrap is sold at Rs 50 per kg in process A and B and Rs 10 per kg in process C. The details of three processes are given below:

Particulars	A	B	C
Passed to next process	75%	50%	-
Sent to warehouse	25%	50%	100%
Expenses:			
Raw materials (Rs)	60000	14000	50000
Raw materials (Kg)	10000	140	1348
Direct wages	10250	9260	8000
General expense	5150	3620	1500

Prepare process accounts and ascertain cost per kg of each process

4. Describe the advantages and disadvantages of Standard Costing.

(3 × 10 = 30 Marks)