MAR IVANIOS COLLEGE (AUTONOMOUS)
THIRUVANANTHAPURAM

Reg. No. :..................... Name :.........................

Sixth Semester B.Com. Degree Examination, April 2018
First Degree Programme under CBCSS
Core Course: Commerce – XV
AUCO642: Applied Costing
(*Common for* **Regular** *– 2015 and* **Reappearance** *– 2014 Admn.*)

Time: 3 Hours Max. Marks: 80

SECTION – A

*Answer **ALL** questions in one or two sentences.*

1. What is cost sheet?
2. What is work certified?
3. What is meant by escalation clause?
4. What is specific order costing?
5. What is CVP analysis?
6. What is meant by basic standard?
7. What do you mean by joint product?
8. What is profit-volume graph?
9. Define marginal costing.
10. Define Economic Batch Quantity.

(10 × 1 = 10 Marks)

SECTION – B

*Answer any **EIGHT** questions, each in a short paragraph not exceeding 50 words.*

11. What is job ticket ? What is its usefulness?
12. Calculate EBQ from the following:

Annual demand for the components	2400 units
Setting up cost per batch	Rs. 100
Manufacturing cost per unit	Rs. 200
Carrying cost per unit	6% p. a.

13. Write short note on Sub-contract and Extra work.
14. What is material yield variance?
15. Distinguish joint product and by-product.

P.T.O.

16. Calculate the amount of payment received from contractee from the following:
    Contract price Rs. 5,00,000, work certified   60%
    payment received from contractee   80%.

17. Calculate the sales required to earn profit of Rs. 20,000 from the following data: Fixed cost Rs. 40,000, P/V Ratio 25%.

18. A lorry capable of carrying 5 tonnes of goods normally carries 80% of the load on the outward journey and 40% of the inward journey. The journey is 300 kms for one side. It takes two days to complete the return trip. In a year of 300 days, compute the tones kms.

19. What are the features of operating costing?

20. Distinguish abnormal loss and abnormal gain.

21. What is contribution margin?

22. What is daily log sheet? What are it uses?

$$(8 \times 2 = 16 \text{ Marks})$$

SECTION – C

*Answer any **SIX** questions, each in a paragraph not exceeding 120 words.*

23. Distinguish marginal costing and absorption costing.

24. Discuss the argument in favour and against the accounting of profit on incomplete contracts.

25. Describe the treatment of abnormal gain in process accounts.

26. What is material cost variance (MCV)? What are the causes of MCV?

27. From the following information, calculate the
    (a) Effective kilometers p. a.   (b) Effective passenger kilometers p. a.
    (c) Total fuel consumption   (d) Total cost of fuel   (e) Cost of fuel per km

Distance of one way route	40 kilometers
Round trips per day	3
Days operated in a month	25
Seating capacity	50 passengers
Seating capacity occupied	80%
Fuel consumption	1 liter per 6 kms
Rate of fuel	Rs. 15 per liter

28. Contract price Rs. 5,60,000, Current cost incurred to date Rs. 5,00,000, Value of work certified Rs. 4,20,000, Cost of work uncertified Rs. 2,000, Estimated additional costs likely to be incurred to complete the unfinished work Rs. 2,00,000. Calculate the amount of profit to be transferred to Profit and Loss account.

29. You are given the following information:
    Fixed Expenses Rs. 4,000. Break Even Point Rs. 10,000
    You are required to calculate: (a) P/V Ratio, (b) Profit when sales are Rs. 20,000
    (c) Sales to earn a profit of Rs. 6,000, (d) New BEP in selling price is reduced by 20%
    (e) New BEP if variable cost is increased by 25%.

30. Product A requires 100 Kgs of materials at the rate of Rs. 40 per Kg. The actual consumption of material for the manufacturing of that product came to 120 Kgs of materials at the rate of Rs. 45 per Kg. Calculate Material cost variance, Material price variance and material usage variance.

31. What are the applications of marginal costing?

$(6 \times 4 = 24 \text{ Marks})$

SECTION – D

*Answer any **TWO** questions, not exceeding four pages.*

32. S Ltd. Provides you the following information:

	I half of the year	II half of the year
Total Sales	Rs. 15,00,000	Rs. 6,00,000
Profit (Loss)	Rs. 3,00,000	(Rs. 1,50,000)

Required to calculate:

(a) P/V Ratio, (b) Fixed cost for the year, (c) BEP for the year, (d) Profit when sales are Rs. 20,00,000, (e) sales required to earn a profit of Rs. 5,00,000.

33. The standard cost of a certain chemical mixture 'AB' is:

40% material A at Rs. 400 per kg

60% material B at Rs. 600 per kg

A standard loss of 10% is anticipated in production.

The following particulars are available for the month of December:

180 kg of material A has been used at Rs. 360 per kg

220 kg of material B has been used at Rs. 680 per kg

The actual production of 'AB' is 369 kg. Calculate all material cost variances.

34. Bharath undertook a contract No. 501 for Rs. 5,00,000 on 1st July, 2016. On 31st March, 2017, when the accounts were closed, the following information was available:

Material issued to site	Rs. 55,000	Wages paid	Rs. 18,000
Direct expenses paid	Rs.6,000	General overheads	20% of Wages
Site office cost	Rs.10,000	Costs of sub contract	Rs. 15,000
Plant	Rs.2,00,000	Wages accrues at the end	Rs. 2,000
Direct expense prepaid	Rs. 1,000	Material at site at the end	Rs. 5,000
Cost of work uncertified	Rs. 20,000		

Cash received Rs. 2,00,000 being 80% of work certified

The plant was installed on the respective date of the contract and depreciation is to be provided at 10% p. a.

You are required to prepare Contract Account, Contractee's Account and show the relevant items appear in the Balance Sheet.

35. Explain the objectives of Contract costing. Explain the rules for crediting profit on incomplete contract.

$(2 \times 15 = 30 \text{ Marks})$