



Reg. No. :

Name :

Sixth Semester B.Com. Degree Examination, April 2018
First Degree Programme Under CBCSS
Core Course : CO 1642/CX 1642/TT 1642/HM 1642/CC 1643
APPLIED COSTING
(2014 Admn. Onwards)

**(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

Answer **all** questions. **Each** question carries **one** mark.

1. Define job costing.
2. What is de escalation clause ?
3. Name two industries where process costing is conveniently employed.
4. What is marginal costing ?
5. What do you mean by joint product ?
6. What is basic standard ?
7. What is split off point ?
8. Define service costing.
9. What is sub contract ?
10. What is angle of incidence ?

(10×1=10 Marks)

P.T.O.



SECTION - B

Answer any eight questions. Each question carries 2 marks.

11. From the following information calculate the amount of contribution and profit sales Rs. 10,00,000, variable cost Rs. 7,00,000, fixed cost Rs. 1,50,000.
12. Explain the three types of contract.
13. State the features of batch costing.
14. What is work in progress ? How it is calculated ?
15. List out the different methods of apportionment of joint cost.
16. Compute the economic batch quantity from the following information
Actual demand for the product 4000 units
Setting up cost Rs. 100
Cost of manufacture per unit Rs. 2,000
Rate of interest per annum 10%.
17. Joint cost of the product X and Y is Rs. 60,000 and the market values of X and Y are Rs. 40,000 and Rs. 80,000. Apportion the joint costs on the basis of the market value at split off point.
18. You are given the following :
Margin of safety Rs. 60,000, representing 40% of sales p/v ratio is 50%.
Calculate :
 - i) Break even sales
 - ii) Fixed cost.
19. Explain extra work with example in the context of contract account.
20. Explain the features of service costing.



21. A coke manufacturing company produces the following products from 10560 tonnes of coal at Rs. 20 per ton.

Coke	6000 tonnes
Tar	3000 tonnes
Benzole	400 tonnes
Sulphate of ammonia	200 tonnes

Apportion the cost amongst the products on the basis of the physical unit and method.

22. The cost of a component number XO11 manufactured to assemble cycles is as under :

	Rs.
Direct material	16
Direct labour	12
Variable overheads	10
Fixed overheads	08
Cost per unit	46

The same component can be obtained from other manufacturers at Rs. 42 each. The company requires 10,000 units of the component per annum. Should the firm manufacture it or buy from outside ?

(8×2=16 Marks)

SECTION - C

Answer any six of the following. Each question carries 4 marks.

23. Differentiate between job costing and contract costing.

24. What is notional profit ? Why do you create reserve out of notional profit ? What is the treatment of notional profit ?

25. 900 units were introduced from process X and Y at a cost of Rs. 60 per unit. The expenses of the process were labour Rs. 12,000, material Rs. 3,240 and overhead at 50% of labour. Normal wastage expected in the process was 10% of the units introduced to the process with a scrap value of Rs. 8 per unit. The actual output of the process Y was 820 units to be transferred to process Z. Prepare Process Y Account, Abnormal Gain Account and Normal Wastage Account.

26. How estimated cost is differentiated from standard cost ?

27. Z Ltd. manufactures product A which yields two by-products X and Y in a period, the amount spent up to the point of separation was Rs. 26,000. Subsequent expenses were :

	A (Rs.)	B (Rs.)	C (Rs.)
Materials	300	200	150
Direct wages	400	300	200
Overheads	300	270	280
Total	1,000	770	630

Gross sales value of product A, X and Y was Rs. 15,000, Rs. 10,000 and Rs. 5,000 respectively. It is estimated that the net profit as percentage of sales in case of X and Y would be 25 percent and 20 percent respectively.

Ascertain the profit from the Process of Product A.

28. A company manufactures and markets three products X, Y and Z. All the three products are made from the same set of machines. Production is limited by machine capacity. From the following data given below, indicate priorities for products X, Y and Z with a view to maximising profits.

	Products		
	X	Y	Z
Raw material cost per unit in Rs.	11.25	16.25	21.25
Direct labour cost per unit in Rs.	2.50	2.50	2.50
Other variable cost per unit in Rs.	1.50	2.25	3.55
Selling price per unit in Rs.	25.00	30.00	35.00
Standard machine time required per unit in minutes	39	20	28

29. From the following information, compute Price and Quantity variables from the data given below :

	Standard			Actual		
	Quantity in kilos	Price	Total	Quantity in kilos	Price	Total
Material A	10	3	30	15	4	60
Material B	15	4	60	25	3	75
Material C	25	2	50	35	2	70
Total	50		140	75		205

30. A transport service company is running five buses between two towns which are 50 kms apart. Seating capacity of each bus is 50 passengers. The following particulars were obtained from their books for April, 2016.

Wages of drivers, conductors and cleaners	Rs. 24,000
Salaries of office staff	Rs. 10,000
Diesel oil and other oil	Rs. 35,000
Repairs and maintenance	Rs. 8,000
Taxation, insurance etc.	Rs. 16,000
Depreciation	Rs. 26,000
Interest and other expenses	<u>Rs. 20,000</u>
	<u>Rs. 1,39,000</u>

Actual passenger carried were 75 percent of seating capacity. All buses ran on all days of the month. Each bus made one round trip per day. Find out the cost per passenger km.

31. The following relate to a concern

Variable cost per unit	Rs. 15
Fixed cost	Rs. 54,000
Selling price per unit	Rs. 20

Calculate break even sales. What should be the selling price per unit if break-even point should be brought down to 6000 units ?

(6×4=24 Marks)

SECTION - D

Answer **any two** of the following. Each question carries **15** marks.

32. Marginal costing helps the management in making decision on some of the crucial managerial problems. Explain.
33. The following details are extracted from cost records of an oil refinery for the week ending 30th April 2016. Purchases of 5400 kgs. of oil seeds for Rs. 1,89,000.

Items	Crushing	Refining	Finishing
Cost of labour	2,500	1,100	1,600
Electric power	1,200	750	680
Sundry materials	300	1,750	-
Factory expenses	1,400	620	200
Cost of casks			8,000

3,200 kg of crude oil was produced. 2,600 kg of oil was produced by the refining process. 2,550 kg of oil was finished for delivery. Sacks sold for Rs. 600. 1,925 kg of oil cake sold for Rs. 12,000. Loss in weight in crushing 275 kg. 500 kg of by-products obtained from refining process sold for Rs. 7,500.

You are required to show the accounts in respect of each of the above stages of manufacture for the purpose of arriving at the cost per kgs of each process.

34. Manoj undertook a contract on 1st April 2013 for a contract of Rs. 50 lakhs. The following relate to the contract for the year ending 31st March 2014.

Materials issued	18,00,000
Wages paid	14,00,000
Sundry expenses paid	80,000
Sundry expenses outstanding	20,000
Materials transferred from other contracts	3,00,000

Plant installed on 1 st October 2013	3,00,000
Value of plant transferred from other contracts	2,00,000
Value of plant at site on 31-3-2014	2,20,000
Materials at site on 31-3-2014	60,000
Materials transferred to other contracts	40,000
Work uncertified	2,00,000
Cash received being 75% of work certified	30,00,000

Prepare Contract Account. Show the items in the Balance Sheet. Also show how the items will appear in the Work-in-progress Account and Contractee's Account.

35. Multiple products Ltd. has two Projects; Project X and Project Y. Their budgeted Profit and Loss account for the year ending 31st March 2016 is as follows :

	Project X		Project Y	
Sales		6,00,000		6,00,000
Less : Variable cost	3,00,000		3,60,000	
Fixed cost	<u>1,00,000</u>	<u>4,00,000</u>	<u>40,000</u>	<u>4,00,000</u>
Budgeted profit		2,00,000		2,00,000

You are required to calculate :

- The break-even points of each concern.
 - Sales required to earn a profit of Rs. 3,00,000 each.
 - State which business is likely to earn greater profit in conditions of heavy demand for the product (boom) and low demand for the product (depression).
- (2x15=30 Marks)**
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SECTION – A

Answer **all** questions. **Each** question carries 1 mark.

1. What is Job Costing ?
2. Give a brief account of Batch Costing.
3. What do you understand by Retention Money ?
4. What do you mean by by-products ?
5. Furnish the formula to calculate the value of Abnormal Process Gain.
6. Bring out the meaning of Absorption of Overheads.
7. What are cost plus contracts ?
8. What is meant by Normal Process Loss ?
9. What is the formula to calculate B.E.P. ?
10. What is Margin of Safety ?

(10x1=10 Marks)

SECTION – B

Answer **any eight** of the following. **Each** question carries 2 marks.

11. What are the advantages of job costing ?
12. What do you mean by semi-variable costs ? Give examples.
13. What are the characteristics of process costing ?
14. Name two industries where job costing method is applied.
15. What is Cost-Volume-Profit analysis ?

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16. What is material yield variance ?
17. Compute the Economic Batch Quantity for a company using batch costing with the following information :
- | | |
|------------------------|--------------|
| Production per year | 12,000 units |
| Set up cost per batch | Rs. 150 |
| Carrying cost per unit | Rs. 0.20 |

18. Write the formula to calculate material cost variance.

19. Determine the amount of variable cost from the following particulars :

	Rs.
Sales	1,50,000
Fixed cost	30,000
Profit	40,000

20. The sales turnover and profits during two periods are as under :

Period	Sales (Rs.)	Profit (Rs.)
I	20,00,000	2,00,000
II	30,00,000	4,00,000

Calculate P/V Ratio.

21. Find out the amount of profit if P/V ratio is 30%; margin of safety is $33\frac{1}{3}\%$ and sales are Rs. 9,90,000.

22. The following information is extracted from the job ledger of Skyline Enterprises in respect of Job No. 123 :

Materials Rs. 6,800; wages 100 hours @ Rs. 5; variable overheads incurred for all jobs Rs. 10,000 for 5,000 labour hours.
Find the profit if the job is billed for Rs. 9,000.

(8x2=16 Marks)

SECTION - C

Answer **any six** of the following. **Each** question carries **4** marks.

23. Discuss the different methods of calculating profit on an incomplete contract.
24. Briefly explain the procedure involved in Job Costing.
25. What are the basic features of contract costing ?
26. What are the assumptions underlying Cost-Volume Profit Analysis ?
27. The following data relate to Job No. 777 :
Materials Rs. 50,000, wages Rs. 30,000, Chargeable expenses Rs. 10,000.
Calculate factory overheads at 20% of wages and office and administrative overheads at 5% of factory cost. Ascertain the total cost of the job.



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11. What are the advantages of job costing ?
12. What do you mean by semi-variable costs ? Give examples.
13. What are the characteristics of process costing ?
14. Name two industries where job costing method is applied.
15. What is Cost-Volume-Profit analysis ?

16. What is material yield variance ?
17. Compute the Economic Batch Quantity for a company using batch costing with the following information :

Production per year	12,000 units
Set up cost per batch	Rs. 150
Carrying cost per unit	Rs. 0.20

18. Write the formula to calculate material cost variance.
19. Determine the amount of variable cost from the following particulars :

	Rs.
Sales	1,50,000
Fixed cost	30,000
Profit	40,000

20. The sales turnover and profits during two periods are as under :

Period	Sales (Rs.)	Profit (Rs.)
I	20,00,000	2,00,000
II	30,00,000	4,00,000

Calculate P/V Ratio.

21. Find out the amount of profit if P/V ratio is 30%; margin of safety is $33\frac{1}{3}\%$ and sales are Rs. 9,90,000.
22. The following information is extracted from the job ledger of Skyline Enterprises in respect of Job No. 123 :
Materials Rs. 6,800; wages 100 hours @ Rs. 5; variable overheads incurred for all jobs Rs. 10,000 for 5,000 labour hours.
Find the profit if the job is billed for Rs. 9,000.

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Materials Rs. 50,000, wages Rs. 30,000, Chargeable expenses Rs. 10,000.
Calculate factory overheads at 20% of wages and office and administrative overheads at 5% of factory cost. Ascertain the total cost of the job.

28. The standard cost of material for manufacturing a unit of a particular product is estimated as 16 kg. of raw materials @ Re. 1 per kg. On completion of the unit, it was found that 20 kg. of raw material costing Rs. 1.50 per kg. has been consumed. Compute material variances.
29. From the following details, find out
- Profit Volume Ratio
 - Breakeven Point
 - Margin of Safety.

	Rs.
Sales	1,00,000
Total costs	80,000
Fixed costs	20,000
Net Profit	20,000

30. Mr. Mohan undertook a contract for constructing a building on 1st July 2016 for Mr. Satheesh. The contract price is Rs. 75,000. He incurred the following expenses :

	Rs.
Materials consumed	25,000
Materials in hand at the end	1,000
Wages	35,000
Direct expenses	20,000
Plant purchased	10,000

The contract was completed on 31-3-2017. The contract price was duly received. Provide depreciation at 10% p.a. on plant and charge indirect expenses at 20% on wages. Prepare Contract Account in the books of Mr. Mohan.

31. From the following information, calculate material mix variance :

Materials	Standard		Actual	
	Quantity (Units)	Price per unit (Rs.)	Quantity (Units)	Price per unit (Rs.)
A	40	10	50	12
B	60	5	50	8

(6×4=24 Marks)

SECTION - D

Answer **any two** of the following. **Each** question carries **15** marks.

32. From the following data relating to Vehicle A, compute the cost per running mile :
- | | |
|-----------------------|------------|
| Mileage run (annual) | Rs. 15,000 |
| Cost of vehicle | Rs. 25,000 |
| Road license (annual) | Rs. 750 |
| Insurance (annual) | Rs. 700 |

Garage rent (annual)	Rs. 600
Supervision and salaries	Rs. 1,200
Driver's wages per hour	Rs. 3
Cost of fuel per gallon	Rs. 3
Miles run per gallon	20 miles
Repairs and maintenance per mile	Rs. 1.65
Tyre allocation per mile	Rs. 0.80
Estimated life of vehicle	1,00,000 miles

Charge interest at 5% per annum on cost of vehicle. The vehicle runs 20 miles per hour on an average.

33. The following was the expenditure on a contract for Rs. 6,00,000 commenced in January, 2014 :
- Materials Rs. 1,20,000; Wages Rs. 1,64,400; Plant Rs. 20,000; Business Charges Rs. 8,600.
- Cash received on account to 31st December, 2014 amounted to Rs. 2,40,000 being 80% of work certified; the value of materials in hand at 31-12-2014 was Rs. 10,000. Prepare the Contract Account for 2014 showing the profit to be credited to the year's Profit and Loss Account. Plant is to be depreciated at 10%
34. The following information is given in respect of Process A :
- | | |
|--|--------------------------|
| Material | 1,000 kgs @ Rs. 6 per kg |
| Labour | Rs. 5,000 |
| Direct expenses | Rs. 1,000 |
| Indirect expenses allocated to Process A | Rs. 1,000 |
- Normal wastage – 10% of input
- Prepare Process A Account when :
- Scrap value of normal loss is nil and
 - Scrap arising out of normal loss has a sale value of Re. 1 per unit.
35. Two business AB Ltd. and CD Ltd. sell the same type of product in the same market. Their budgeted profits and loss accounts for the year ending 30th June, 2012 are as follows :

	AB Ltd. Rs.	CD Ltd. Rs.
Sales	1,50,000	1,50,000
Less variable cost	1,20,000	1,00,000
Fixed cost	<u>15,000</u>	<u>35,000</u>
Budgeted net profit	<u>15,000</u>	<u>15,000</u>

You are required to calculate the Break Even point of each business and state which business is likely to earn greater profits in conditions of

- Heavy demand for the product
- Low demand for the product.

(2×15=30 Marks)

28. The standard cost of material for manufacturing a unit of a particular product is estimated as 16 kg. of raw materials @ Re. 1 per kg. On completion of the unit, it was found that 20 kg. of raw material costing Rs. 1.50 per kg. has been consumed. Compute material variances.

29. From the following details, find out
 a) Profit Volume Ratio
 b) Breakeven Point
 c) Margin of Safety.

	Rs.
Sales	1,00,000
Total costs	80,000
Fixed costs	20,000
Net Profit	20,000

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Materials in hand at the end	1,000
Wages	35,000
Direct expenses	20,000
Plant purchased	10,000

The contract was completed on 31-3-2017. The contract price was duly received. Provide depreciation at 10% p.a. on plant and charge indirect expenses at 20% on wages. Prepare Contract Account in the books of Mr. Mohan.

31. From the following information, calculate material mix variance :

Materials	Standard		Actual	
	Quantity (Units)	Price per unit (Rs.)	Quantity (Units)	Price per unit (Rs.)
A	40	10	50	12
B	60	5	50	8

(6×4=24 Marks)

SECTION - D

Answer **any two** of the following. **Each** question carries **15** marks.

32. From the following data relating to Vehicle A, compute the cost per running mile :
 Mileage run (annual) Rs. 15,000
 Cost of vehicle Rs. 25,000
 Road license (annual) Rs. 750
 Insurance (annual) Rs. 700



Garage rent (annual)	Rs. 600
Supervision and salaries	Rs. 1,200
Driver's wages per hour	Rs. 3
Cost of fuel per gallon	Rs. 3
Miles run per gallon	20 miles
Repairs and maintenance per mile	Rs. 1.65
Tyre allocation per mile	Rs. 0.80
Estimated life of vehicle	1,00,000 miles

Charge interest at 5% per annum on cost of vehicle. The vehicle runs 20 miles per hour on an average.

33. The following was the expenditure on a contract for Rs. 6,00,000 commenced in January, 2014 :
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- Cash received on account to 31st December, 2014 amounted to Rs. 2,40,000 being 80% of work certified; the value of materials in hand at 31-12-2014 was Rs. 10,000. Prepare the Contract Account for 2014 showing the profit to be credited to the year's Profit and Loss Account. Plant is to be depreciated at 10%
34. The following information is given in respect of Process A :
- | | |
|--|--------------------------|
| Material | 1,000 kgs @ Rs. 6 per kg |
| Labour | Rs. 5,000 |
| Direct expenses | Rs. 1,000 |
| Indirect expenses allocated to Process A | Rs. 1,000 |
- Normal wastage – 10% of input
- Prepare Process A Account when :
- Scrap value of normal loss is nil and
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35. Two business AB Ltd. and CD Ltd. sell the same type of product in the same market. Their budgeted profits and loss accounts for the year ending 30th June, 2012 are as follows :

	AB Ltd. Rs.	CD Ltd. Rs.
Sales	1,50,000	1,50,000
Less variable cost	1,20,000	1,00,000
Fixed cost	15,000	35,000
Budgeted net profit	<u>15,000</u>	<u>15,000</u>

You are required to calculate the Break Even point of each business and state which business is likely to earn greater profits in conditions of

- Heavy demand for the product
- Low demand for the product.

(2×15=30 Marks)

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SECTION – A

Answer **all** questions. Each question carries 1 mark. :

1. Define cost accounting.
2. What is job costing?
3. What do you mean by economic batch quantity?
4. What is escalation clause?
5. Define process costing.
6. What is a joint product?
7. Give two examples of running charges in transport industry.

8. Define marginal cost.
9. What is P/V ratio?
10. Explain material mix variance.

(10 × 1 = 10 Mark)

SECTION – B

Answer **any eight** questions. Each question carries **2** marks.

11. Why does abnormal loss arise? How will you treat it in cost accounts?
12. State merits of cost plus contract.
13. Give four applications of marginal costing.
14. State four salient features of service costing.
15. What are the features of absorption costing?
16. From the following calculate the amount of profit to be credited to Profit and Loss A/c. Notional profit Rs.30,000; Stage of completion of contract 80%; Cash received as a percentage of work certified 75.
17. Compute the EBQ from the following:
Annual demand for the component 24,000;
Set-up cost per batch Rs.120;
Carrying cost per unit of production Rs.0.36.
18. A truck starts with a load of 10 tonnes of goods from station P. It unloads 4 tonnes at station Q and rest of the goods at station R. It reaches back directly to station P after getting reloaded with 8 tonnes of goods at station R. The distances between P to Q, Q to R and then from R to P are 40 kms., 60 kms. and 80 kms. respectively. Compute absolute tonne-km.

19. From the following data, you are required to calculate P/V Ratio.
Fixed expenses Rs.90,000; Variable cost per unit Rs.9; Selling price per unit Rs.12.
20. From a joint process, 20,000 units of A, 25,000 units of B and 25,000 units of C are obtained. The cost before split off point for the three products is Rs.1,40,000. Apportion the joint costs among the products using average unit cost method.
21. Calculate break-even sales from the following data.
Profit Rs.1,00,000(25% of sales); P/V Ratio 50%.
22. A manufacturing concern which has adopted standard costing furnishes the following information:
- Standard:
- | | |
|--------------------|--------------|
| Price of materials | Rs.1 per kg. |
|--------------------|--------------|
- Actual:
- | | |
|-------------------|-------------|
| Materials used | 280000 kg |
| Cost of materials | Rs.2,52,000 |
- Calculate Material price variance.

(8 × 2 = 16 Marks)

SECTION - C

Answer any six questions. Each question carries 4 marks.

23. Calculate Equivalent production, from the following data:
- | | |
|-------------------------------|------------|
| Units introduced into process | 3500 units |
| Units completed | 2650 units |
| Closing work-in-progress | 400 units |
| Degree of completion: | |
| Materials | 80% |
| Labour and Overheads | 60% |
- Normal loss is 10% of the input.

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4. From the following particulars relating to Job No.1515, find out the total cost and estimated selling price:

Direct materials Rs.17,600; Direct labour Rs.8,000

Works overheads are recovered on the basis of 50% on prime cost and administrative overheads 10% of works cost. Estimated selling price should include 20% profit on selling price.

25. From the following data calculate P/V Ratio, BEP, Profit when sales are Rs.80,000 and Sales required to earn a profit of Rs.20,000.

Sales Rs.1,00,000;

Variable cost Rs.60,000;

Fixed cost Rs.30,000

26. A manufacturing company finds that while the cost of making a component part is Rs.10, the same is available in the market at Rs.9 with an assurance of continuous supply.

Should the company make or buy this component? The cost information is as follows:

Material Rs.3.50; Direct labour Rs.4.00; Other variable expenses Rs.1.00; Fixed expenses Rs.1.50.

27. From the following data, calculate material yield variance:

Consumption for 100 units of product

	Standard Mix	Actual Mix
Material A	40 units @ Rs.50 per unit	50 units @ Rs.50 per unit
Material B	60 units @ Rs.40 per unit	60 units @ Rs.45 per unit

28. How do you calculate profit on incomplete contract?
29. Bring out the differences between marginal costing and absorption costing.
30. Explain the different methods of apportionment of joint costs.
31. Distinguish between standard costing and budgetary control.

(6 × 4 = 24 Marks)

SECTION – D

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

32. A firm of building contractors began to trade on 1st April, 2017. Following was the expenditure on the contract for Rs.3,00,000:

Materials issued contract Rs.51,000;

Plant used for contract Rs.15,000;

Wages incurred Rs.81,000;

Other expenses incurred Rs.5,000.

Cash received on account to 31st March, 2018, amounted to Rs.1,28,000 being 80% of the work certified. Of the plant and materials charged to the contract, plant which cost, Rs.3,000 and materials which cost Rs.2,500 were lost. On 31st March, 2018 plant which cost Rs.2,000 was returned to store, the cost of work done uncertified was Rs.1,000 and materials costing Rs.2,300 were in hand on site.

Charge 15% depreciation on plant, and take to the profit and loss account 2/3 of the profit received. Prepare Contract Account, Contractee's Account and Balance Sheet from the above particulars.

33. Moon Ltd. has two plants viz. Plant X and Plant Y. The following are the operating details of these two plants under the company:

Particulars	Plant X (Rs.)	Plant Y (Rs.)
Sales	10,00,000	8,00,000
Variable cost	6,00,000	5,00,000
Fixed cost	2,00,000	2,00,000
Capacity utilisation	100%	50%

It is required to merge both the plants. You are required to ascertain the following:

- Break-even sales and break-even capacity of merged plant.
 - Profit and profitability of operating the merged plant at 90% of the capacity.
 - Capacity level of operation, if profit of Rs.4,00,000 has to be made by the merged plant.
34. A company manufactures its sole product by passing the raw material through distinct processes in its factory. During the month of April, 2018, the company purchased 96,000 kg. of raw material @ Rs.5 per kg. and introduced the same in process 1. Further particulars of manufacture for the month are given below:

	Process 1	Process 2	Process 3
Material consumed (Rs.)	33,472	27,483	47,166
Direct labour (Rs.)	80,000	72,000	56,000
Overhead (Rs.)	1,20,000	1,08,000	84,000
Normal waste in process as % of input	3%	1%	1%
Sale value of waste (Rs. per kg.)	2	3	5
Actual output during the month (kg.)	93,000	92,200	91,500

Prepare process accounts. Prepare abnormal loss/gain account also.

35. The standard mix to produce one unit of a product is as follows:

Material A	60 units @ Rs.15 per unit	=	Rs.900
Material B	80 units @ Rs.20 per unit	=	Rs.1,600
Material C	100 units @ Rs.25 per unit	=	Rs.2,500
	240		Rs.5,000

During the month of April 2018, 10 units were actually produced and consumption was as follows

Material A	640 units @ Rs.17.50 per unit	=	Rs.11,200
Material B	950 units @ Rs.18.00 per unit	=	Rs.17,100
Material C	870 units @ Rs.27.50 per unit	=	Rs.23,925
	2,460		Rs.52,225

Calculate:

- (a) Material cost variance
- (b) Material price variance; and
- (c) Material usage variance.

(2 x 15 = 30 Marks)