**B.COM (TRAVEL AND TOURISM)**

**SEMESTER VI**

**CO 1642 APPLIED COSTING**

**Section A. One or Two Sentence Questions (1 Mark)**

1. Define cost.
2. What is cost accounting?
3. What is prime cost?
4. What is factory cost?
5. What is office cost?
6. Define selling cost.
7. What is a cost centre?
8. Define cost unit.
9. What is direct material?
10. What is indirect expense?
11. What is overhead?
12. What is marginal cost?
13. What is standard cost?
14. Define variable cost.
15. Define fixed cost.
16. What is semi-variable cost?
17. What is sunk cost?
18. What is opportunity cost?
19. Define controllable cost.
20. Define uncontrollable cost.
21. What is break-even point?
22. What is contribution?
23. What is CVP analysis?
24. What is job costing?
25. What is process costing?

**Section B. One Paragraph Questions (2 Marks)**

1. State two objectives of cost accounting.
2. Differentiate cost accounting and financial accounting.
3. Write two features of cost centre.
4. What is cost allocation?
5. What is cost apportionment?
6. Explain cost classification by nature.
7. What is activity-based costing?
8. What is batch costing?
9. Define contract costing.
10. What is uniform costing?
11. What is inter-firm comparison?
12. Explain standard costing.
13. What is variance analysis?
14. What is overhead absorption?
15. What is machine hour rate?
16. Define normal loss.
17. Define abnormal loss.
18. What is equivalent production?
19. Explain joint products.
20. Explain by-products.
21. What is process loss?
22. What is reconciliation statement?
23. What is cost audit?
24. Write two uses of marginal costing.
25. What is transfer pricing?

**Section C. Short Answer Questions (4 Marks)**

1. State and explain elements of cost.
2. Explain methods of costing.
3. Prepare a specimen cost sheet.
4. Explain normal loss vs abnormal loss.
5. What are the causes of material cost variance?
6. What is labour cost variance?
7. Explain direct and indirect costs with examples.
8. What are the objectives of job costing?
9. Write short note on batch costing.
10. Explain contract costing with an example.
11. Explain process costing.
12. Explain equivalent production.
13. What is standard costing and its uses?
14. Explain marginal costing with an example.
15. What is cost-volume-profit analysis?
16. Explain break-even chart.
17. State any four differences between absorption costing and marginal costing.
18. Explain make or buy decision.
19. Write a note on shutdown decision.
20. What is transfer pricing and its advantages?
21. Explain uniform costing and inter-firm comparison.
22. Write a short note on cost control.
23. What is cost reduction?
24. State the role of cost audit.
25. Explain reconciliation of cost and financial accounts.
26. Calculate overhead absorption rate given factory overheads and labour hours.
27. From the following, compute prime cost: Direct Material ₹50,000, Direct Labour ₹30,000.
28. Compute contribution per unit: Selling Price ₹50, Variable Cost ₹35.
29. Calculate BEP: Fixed Cost ₹1,50,000; Contribution per unit ₹20.
30. Find margin of safety if Sales is ₹5,00,000 and BEP Sales is ₹3,50,000.

**Section D. Essay Questions (15 Marks)**

1. Prepare a Cost Sheet:
Direct Material ₹80,000, Direct Wages ₹50,000, Factory Overheads 60% of Direct Wages, Office Overheads 10% of Works Cost, Selling Overheads 5% of Cost of Production. Units Produced: 5,000. Find cost per unit.
2. A job involves: Direct Material ₹20,000, Direct Labour ₹10,000, Factory Overheads 80% of Direct Labour, Office Overheads 15% of Factory Cost. Find total cost & profit at 20% on cost.
3. Compute process cost per unit: Input 1,000 units, Normal Loss 10%, Output 880 units. Direct Material ₹50,000, Labour ₹20,000, Overheads ₹10,000.
4. Prepare a Contract Account for: Contract Price ₹10,00,000, Work Certified ₹6,00,000, Work Uncertified ₹50,000, Materials ₹2,00,000, Wages ₹1,50,000, Plant ₹50,000, Expenses ₹30,000.
5. Calculate Break-Even Point and Margin of Safety: Fixed Cost ₹2,50,000, Variable Cost per unit ₹30, Selling Price per unit ₹50, Sales Units 20,000.
6. A company makes 2 products A & B. Selling Price A: ₹100, B: ₹80. Variable Cost A: ₹60, B: ₹50. Sales Mix: A 60%, B 40%. Fixed Cost ₹3,00,000. Find BEP in units for each product.
7. Calculate Material Cost Variance: Standard Qty 100 kg @ ₹50/kg, Actual Qty 110 kg @ ₹52/kg.
8. Calculate Labour Cost Variance: Standard Hours 1,000 hrs @ ₹20/hr, Actual Hours 1,100 hrs @ ₹22/hr.
9. Prepare a Reconciliation Statement: Profit as per Cost Accounts ₹1,00,000; Over-recovered Overheads ₹5,000; Under-recovered Admin Overheads ₹3,000; Interest on Bank Loan (Financial A/c only) ₹2,000.
10. A company has capacity to produce 10,000 units but currently produces 7,000 units. Should they accept an export order for 2,000 units at ₹40/unit when variable cost is ₹30/unit? Fixed Costs are already covered.
11. Compute contribution and profit using marginal costing: Sales 5,000 units @ ₹100, Variable Cost per unit ₹60, Fixed Cost ₹1,50,000.
12. Prepare a CVP statement for sales of 5,000 units, Selling Price ₹50, Variable Cost ₹30, Fixed Cost ₹50,000.
13. A company produces a product with the following: Direct Material ₹60,000, Direct Labour ₹40,000, Variable Overheads ₹20,000, Fixed Overheads ₹80,000. Sales: 5,000 units @ ₹50 each. Prepare a statement showing profit under marginal costing.
14. In a process, 1,000 units are input. Normal Loss is 5%. Direct Cost: ₹50,000, Indirect Cost: ₹10,000. Scrap Value of Normal Loss: ₹5/unit. Find cost per unit.
15. Job Order: Direct Material ₹10,000, Direct Labour ₹5,000, Factory Overheads 50% of Labour, Admin Overheads 10% of Works Cost. Find total job cost and selling price for 20% profit on cost.
16. Prepare Process Costing: Input 2,000 units, Normal Loss 10%, Output 1,800 units, Direct Cost ₹80,000, Overheads ₹20,000. No scrap value. Find cost per unit.
17. Contract Costing: Contract Price ₹5,00,000, Work Certified ₹3,00,000, Work Uncertified ₹50,000, Material ₹1,00,000, Wages ₹80,000, Plant ₹40,000, Site Expenses ₹20,000. Prepare Contract Account.
18. Calculate profitability using standard costing: Actual Cost ₹2,50,000, Standard Cost ₹2,40,000, Sales ₹3,00,000. Find variances.
19. A company has two departments — Department A and B. Department A overheads ₹40,000 for 2,000 labour hours, Department B overheads ₹60,000 for 3,000 labour hours. Find overhead absorption rate.
20. A company produces a batch of 1,000 units: Direct Material ₹50,000, Direct Labour ₹30,000, Variable Overheads ₹20,000, Fixed Overheads ₹50,000. Prepare cost sheet and find cost per unit
21. Discuss the objectives and advantages of Cost Accounting in a manufacturing organization.
22. Explain in detail the classification of costs with suitable examples.
23. Distinguish clearly between Job Costing and Process Costing.
24. Describe the various methods of overhead absorption and their merits and demerits.
25. Explain the steps involved in preparing a Cost Sheet.
26. Discuss the importance of standard costing and variance analysis in cost control.
27. What is Marginal Costing? How is it useful for managerial decision making?
28. Explain the concept of Break-Even Analysis and its managerial applications.
29. Define Process Costing. How is process loss and normal loss accounted for?
30. Explain Activity-Based Costing (ABC). How does it differ from traditional costing methods?
31. What is Uniform Costing? State its advantages and limitations.
32. Explain the procedure for reconciliation of Cost and Financial Accounts with suitable reasons for disagreement.
33. What is Inter-firm Comparison? How is it useful for cost control and performance evaluation?
34. Discuss the role of cost audit in modern business organizations.
35. What are the main differences between Absorption Costing and Marginal Costing? Which is better suited for managerial decisions?
36. Explain the features, merits and limitations of Contract Costing.
37. What are the important steps in material control? Explain EOQ and its significance.
38. Explain the different types of variances under Standard Costing and how they are computed.
39. Describe the causes for disagreement between Cost Accounts and Financial Accounts.
40. Discuss the essentials and difficulties of implementing a good cost accounting system.