

Program: T.Y.B.Com (A&F) **Semester:** VI **Program Code:** 2C00156
Course: Cost Accounting-IV **Course Code:** 85602
Duration: 2 ¼ Hours **Examination Pattern:** Autonomous Rev 16-External **Max. Marks:** 75

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Draw neat diagrams wherever necessary.

Examination:

REGULAR

Q.1 A) Fill in the blanks with an appropriate answer from the alternatives given.(Any 08) [08]

- i) A standard cost is _____.
 - a) The total amount that appears on the budget for product costs
 - b) A pre-determined cost which is calculated from management's standards of efficient operation
 - c) The total number of units x the cost expected
 - d) Opportunity cost
- ii) In _____ the price can be fixed on the basis of only variable cost.
 - a) Standard costing
 - b) Marginal costing
 - c) Process costing
 - d) Absorption costing
- iii) In marginal costing, which of the following statements is true?
 - a) Marginal cost equals total cost
 - b) Marginal cost equals total variable cost
 - c) Marginal cost equals total fixed cost
 - d) Marginal cost equals total fixed cost plus total variable cost
- iv) Which variance arises due to the difference between the actual quantity of input used and the standard quantity of input allowed for actual production?
 - a) Material price variance
 - b) Labour rate variance
 - c) Labour efficiency variance
 - d) Material usage variance
- v) What is a budgetary control system primarily concerned with?
 - a) Planning future budgets
 - b) Controlling fixed costs
 - c) Maximizing shareholder wealth
 - d) Comparing actual results with budgeted figures
- vi) When Sales increases, Breakeven point
 - a) Increases
 - b) Remains constant

- (c) Decreases (d) Can't Say
- vii) When a flexible budget is used, then increase in the actual production level with relevant range would increase
- (a) Total Cost (b) Variable Cost
(c) Fixed Cost (d) Both a & b
- viii) The classification of fixed and variable cost has a special significance in the preparation of
- (a) Flexible Budget (b) Zero Budget
(c) Capital Budget (d) Cash Budget
- ix) If material price variance is Rs 3000 (A) and actual price is Rs 1.5 & actual quantity is 1500 unit. The standard material price will be _____
- a) 2.5 b) 4.5
c) 3.5 d) 3
- x) Sales quantity variance is equal to (_____ Quantity - Revised Quantity) * Budgeted Price.
- a) Actual b) Revised Quantity
c) Budgeted d) Standard

B) State whether the following statements are true or false. (Any 07)

[07]

- i) Budgetary control is costly for small organizations.
- ii) At BEP total cost is equal to total revenue.
- iii) Budgetary control is a technique used for evaluating the performance of a company by comparing actual results with planned results.
- iv) Flexible budget is rigid.
- v) The most profitable sales mix is the one which gives maximum contribution.
- vi) P/V ratio shows the relationship between contribution & sales.
- vii) Cash Budget shows budgeted receipts and payments.
- viii) In marginal costing, fixed costs are treated as product costs and are included in the calculation of cost of goods sold.
- ix) Standard costing involves setting predetermined costs based on historical data rather than expected future costs
- x) A favorable variance indicates that actual results are better than planned results, while an unfavorable variance indicates the opposite

Q. 2 Solve the following.

- a) The following information is available from Records of a Company as at 31st March 2015 and 2016: [15]

Particulars	2015 (Rs in lakh)	2016 (Rs in lakh)
Sales	1,500	2,000
Profit	300	500

Calculate:

1. P/V Ratio
2. Fixed Cost
3. Break Even Sales in Rs.
4. Sales required to earn profit of Rs 1,000 lakhs
5. Profit for Sales of Rs 2,000 lakhs
6. Margin of Safety when sales is Rs 1,000 lakhs

OR

- b) Following information is available:

Particulars	Product A (per unit) Rs	Product B (per unit) Rs
Direct material	160	120
Direct labour	120	80
Variable overheads	180	120
Selling price	500	400

Fixed overhead Rs 15,000

From the following alternatives, which sales mix will bring higher profits

1. 250 units of A and 250 units of B
2. 400 units of A and 100 units of B
3. 150 units of A and 350 units of B
4. 400 units of B

Q. 3 Solve the following.

[15]

- a) At 90% capacity, ABC Ltd. produces 10,800 units and incurred the expenses as under

Cost per Unit (₹)

Particulars	Cost per Unit (₹)
Direct Material	7.00
Direct Labour	5.00
Other Variable Expenses	4.50
Administrative Overheads	6 (40% variable)

Selling Overheads	3 (75% variable)
Production Overheads	3 (20% variable)

Selling price per unit ₹ 60.

Prepare Flexible Budget for 70%, 80% and 100% utilisation of the capacity.

OR

- b) JAB company making a stock in the first quarter of the year is assisted by its bankers with overdraft accommodation. The following are the relevant budget figures :

Months	Sales (₹)	Purchases (₹)	Wages (₹)
November	1,20,000	83,000	9,800
December	1,28,000	96,000	10,000
January	72,000	1,62,000	8,000
February	1,16,000	1,64,000	4,000
March	84,000	1,79,000	10,400

Budgeted cash at Bank, 1st January 2014 = ₹ 17,200. Credit terms of sales on payment by the end of the month following the month of supply. On an average, one-half of sales is paid on the due date while the other half are paid during the next month. Creditors are paid during the month following the month of supply.

You are required to prepare a cash budget for the quarter, 1st January - 31st March 2014 showing the budgeted amount of bank facilities required at each month.

Q. 4 Solve the following.

- a) Standard Material for 100 Kg. Chemical A is given below :

[15]

Kg.	Particulars	Total ₹
45	Of Material X at ₹ 4 per Kg.	180.00
40	Of Material Y at ₹ 8 per Kg.	320.00
25	Of Material Z at ₹ 12 per Kg.	300.00
110		800.00
10	Standard Loss	-
100		800.00

Actual production is 2,000 units of chemical A and actual material usage is as follows .

Kg.	Particulars	Total ₹
1,000	Of Material X at ₹ 3.80 per Kg.	3,800
850	Of Material Y at ₹ 8.40 per Kg.	7,140
450	Of Material Z at ₹ 13 per Kg.	5,850
		16,790

Calculate:

- Material Cost Variance
- Material Price Variance
- Material Mix Variance
- Material Yield Variance
- Material Usage Variance

OR

- b) A Company's Budgeted Sales of product A are 40,000 units at standard selling price of ₹ 10 per unit and product B 60,000 units at standard selling price of ₹ 12 per unit.
Actual Sales of Product A are 70,000 units at ₹ 14 per unit and Product B 50,000 units at ₹ 8 per unit.

You are required to calculate:

- (a) Sales Value Variance
- (b) Sales Mix Variance
- (c) Sales Price Variance
- (d) Sales Quantity Variance
- (e) Sales Volume Variance

Q. 5 A) Answer the following.

- a) List down the advantages of Budget and Budgetary Control. [08]
- b) Distinguish between Marginal Costing & Differential Costing. [07]

OR

B) Short Note: (Any 3) [15]

- i) Break Even Point
- ii) Fixed Budget vs Flexible Budget
- iii) Material Usage Variance
- iv) PV Ratio
- v) Sales Budget.

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