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BACHELOR OF COMMERCE (B. COM)
EXAMINATION: MAY 2024
FIFTH SEMESTER
Sub.: Cost & Work Accounting-III (BCOM19-304C)

Date: 23/05/2024

Total Marks: 100

Time: 10.00 am to 1.00 pm

Instructions: 1) All questions are compulsory.
2) Figures to the right indicate full marks.

Q. 1. (A) Fill in the blanks (Any 5) (10)

1. Cost variance is the difference between -----
 - a) standard cost and actual cost
 - b) standard cost and variable cost
 - c) fixed cost and marginal cost
 - d) none of these
2. Labour cost variance = (standard hours * standard rate) – (-----* Actual rate)
 - a) Total cost
 - b) Variable cost
 - c) Actual hours
 - d) Idle time
3. Sales minus ----- = contribution
 - a) variable cost
 - b) profit
 - c) fixed cost
 - d) rigid cost
4. Budget is prepared -----
 - a) in advance for special period
 - b) for management
 - c) after a specified period
 - d) for cost control
5. ----- is technic through which variable cost are taken for the purpose of product costing, inventory valuation and other important management decision.
 - a) Marginal costing
 - b) Contract costing
 - c) Process costing
 - d) None of the above
6. Idle time variance is always -----
 - a) lower
 - b) similar
 - c) adverse
 - d) None of these
7. Cost audit can measure the ----- of the organization
 - a) accuracy
 - b) efficiency
 - c) none of these
 - d) all of above

(B) State whether the following statements are true or false (any 5) (10)

1. At break even point equals fixed cost.
2. Target costing provides across functional communication language for the product optimization.
3. The cash budget is a tool of financial planning.
4. Uniform costing may create monopolistic tenderizes within the industry.
5. Cost audit is part and partial of financial Audit.

6. Contribution is referred as gross margin.
7. Favorable material cost variance when actual cost incurred is more than standard cost.

Q. 2. (A) Define cost Audit. Explain types of cost Audit. **(20)**

OR

(B) The expenses for the budgeted production for 5000 units in a factory are furnished as follows

Particulars	Per unit Rs-m
Material	35
Labour	12.50
Variable overheads	10
Fixed overheads (Rs- 50,000)	5
Variable expenses (direct)	2.50
Selling expenses (10% fixed)	6.50
Distribution expenses (20% fixed)	3.50
Administration expenses (25000 fixed)	2.50
Total cost	77.50

Prepare a flexible budget for the production of 3000 units and 4000 units

Q. 3. (A) From the following information find out **(10)**

- 1) P/V ratio
- 2) Break- even point
- 3) The profit made when sales are Rs- 500,000

Sales = Rs- 400,000

Variable costs

Direct material Rs- 150,000

Direct labour Rs- 75000

Variable overheads Rs- 75000

Fixed cost Rs- 30000

(B) Write short notes. (Any 4) **(20)**

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|------------------------------------|---------------------------------------|
| 1. Advantages of target costing | 4. Production budget |
| 2. Cost audit programme. | 5. Advantages of interfirm comparison |
| 3. Limitations of standard costing | 6. Material price variance |

Q. 4. Solve the following problem (Any 2) **(30)**

1. 'Syntel' Ltd. provides you the following information from their records.

The standard material requirement is-

Material	Quantity (kgs)	Rate per kg (Rs)
A	800	6
B	400	4

The actual consumption of material is as under

Material	Quantity (kgs)	Rate per kg (Rs)
A	750	7
B	500	5

Calculate :-

- 1) Material cost variance
 - 2) Material price variance
 - 3) Material usage variance
 - 4) Material mix variance
2. The sales turnover and total cost of Pradnya Chemical Ltd. are as under:

Year	Sales (Rs)	Total cost (Rs)
2014	1,50,000	1,20,000
2015	1,80,000	1,42,500

You are required to calculate:-

- 1) P/V ratio
 - 2) Fixed cost
 - 3) Break- even point
 - 4) Sales to earn a profit of Rs- 45,000
 - 5) Variable cost for 2015
3. Explain the concept of cost audit and objectives of cost audit in detail.
4. What is meant by uniform costing? Explain advantages and limitations in details.
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