Total No. of Questions—**5**] [Total No. of Printed Pages—**4+2**

Seat No.	

[4369]-322

T.Y. B.Com. EXAMINATION, 2013

COST AND WORKS ACCOUNTING

Paper III

(Costing Techniques and Cost Audit)

(2008 PATTERN)

Time : Three Hours **Maximum Marks : 80**

***N.B.* :—** (*i*) *All* questions are compulsory.

(*ii*) Figures to the right indicate full marks.

(*iii*) Use of calculator is allowed.

1. (A) Fill in the blanks (any *five*) : [5]

(1) Marginal costing is also known as .... costing.

(2) .... means a tenure for which a budget is prepared and employed.

(3) Standardised principles and methods of costing are necessary for ....

(4) To maintain secrecy and identity of the business, ... is allotted to each firm in inter-firm comparison.

(5) .... is the philosophy of continuous improvement.

(6) .... audit helps in analysing SWOT of an organisation.

(B) State whether the following statements are True *or* False (any *five*) : [5]

(1) Marginal costing is a long-run technique of costing.

(2) Budgeting is profit planning.

(3) Current standards are established for use over a long period of time.

(4) Target costing, a well developed technique in India, aims at profit planning.

(5) Small scale industries are subject to cost audit.

(6) Inter-firm comparison is a natural outcome of variable costing.

2. What do you mean by 'Cost Volume Profit Analysis' ? State its assumptions, uses and limitations. [15]

Or

What is meant by 'uniform costing' ? What are its requisites ? Describe contents of 'uniform cost manual'. [15]

3. Write short notes on (any *three*) : [15]

(1) Standard cost and Estimated cost

(2) Essentials of Inter-firm comparison

(3) Target costing approach

(4) Scope of cost audit

(5) Qualifications and disqualifications of cost auditor.

4. (A) From the following data of a company find : [15]

(*a*) P/V Ratio

(*b*) Break-even point

(*c*) Profit when sales amounted to Rs. 12,00,000

(*d*) Sales required to earn a profit of Rs. 2,00,000

Particulars	Rs.
Variable cost	6,00,000
Fixed cost	3,00,000
Profit	1,00,000
Sales	10,00,000

(B) From the following data calculate Material Yield Variance : [5]

Material	Standard			Actual		
	Quantity	Price	Value	Quantity	Price	Value
	(kg)	(Rs.)	(Rs.)	(kg)	(Rs.)	(Rs.)
A	120	30	3,600	110	36	3,960
B	80	24	1,920	90	24	2,160
	200		5,520	200		6,120
(–) Loss	20			40		
	180		5,520	160		6,120

5. (A) From the following data, calculate : [10]

(*a*) Material cost variance

(*b*) Material price variance

(*c*) Material quantity/usage variance

(*d*) Material mix variance

(*e*) Material yield variance

Material	Standard		Actual	
	Quantity	Unit Price (Rs.)	Quantity	Unit Price (Rs.)
A	60%	20	88	30
B	40%	10	132	10

Standard Loss is 10% and actual output is 180 units.

(B) From the following particulars, calculate : [10]

(*a*) Labour cost variance

(*b*) Labour rate variance, and

(*c*) Labour efficiency variance.

Verify your results.

Standard Hours per unit of output = 20 Hours

Standard Rate per hour = Rs. 50

Actual Production = 2,000 units

Actual Hours = 35,000 Hours

Actual Rate per hour = Rs. 40.

Or

(B) M/s Ramnath Enterprises submit the following data and you are required to prepare Cash Budget for the three months ended 31-3-2013 : [10]

Months	**Total Sales** (Rs.)	**Total Purchases** (Rs.)	**Wages** (Rs.)	**Overheads** (Rs.)
Oct. 2012 Actual	80,000	45,000	20,000	5,000
Nov. 2012 Actual	80,000	40,000	18,000	6,000
Dec. 2012 Actual	75,000	42,000	22,000	6,000
Jan. 2013 Budgeted	90,000	50,000	24,000	7,000
Feb. 2013 Budgeted	85,000	45,000	20,000	6,000
Mar. 2013 Budgeted	80,000	35,000	18,000	5,000

Additional Information :

(1) 10% of the purchases and 20% of the sales are for cash.

(2) The average collection period is half a month and the credit purchases are paid off regularly after one month.

(3) Wages are paid half monthly and taxes of Rs. 500 included in overheads are paid off on monthly basis.

(4) Cash balance on 1st January, 2013 was Rs. 15,000 and the firm has decided to maintain it at the end of every month at the same amount, the excess cash, if any, be deposited into fixed deposit account.