COST ACCOUNTING

[Time: $2\frac{1}{2}$ Hours] **[Marks 75]**

Please check whether you have got the right question paper.

1. All Questions are compulsory.
2. Figures to the right indicate full marks.
3. Working notes should be part of your answer.
4. Use of simple calculator is permitted.

Q.1. A Match the following (Any – 08) [Rewrite the sentence] **[08]**

GROUP "A"	GROUP "B"
1) Labour efficiency Variance	A) Pre-determined cost
2) Imputed Cost	B) Limiting Factor
3) Profit	C) No Profit, No Loss stage
4) Idle time variances	D) (standard Hours- Actual hours)*standard rate
5) Standard Cost	E) Notional Cost
6) Marginal Cost	F) Remains unchanged irrespective of the level of capacity or volume
7) Master Budget	G) Contribution – fixed cost
8) Fixed Budget	H) Always Unfavourable
9) BEP	I) Prime cost + Variable overhead
10) Key Factor	J) Summary of all Functional Budget

Q.1. B State whether the following statement is True/False & Rewrite the sentence (Any07) **[07]**

1) Variable Overhead variance is a difference between standard overhead and actual overheads.
2) In make or buy decision only Marginal Cost is relevant.
3) P/V Ratio shows relationship between contribution and sales.
4) Budget is prepared for the future period.
5) Cash Budget shows budgeted receipts & payments.
6) Excess of actual cost over standard cost is a favourable variance.
7) Decision to accept or reject export order depends on fixed cost only.
8) Under Marginal Costing cost in financial terms only.
9) A budget is expressed in financial terms only.
10) Variable cost remains fixed irrespective of Level of Activity.

Q.2. The sales and profits of two years were as follows **[15]**

Year ending 31st March	Sales Rs.	Profit Rs.
2016	4,00,000	40,000
2017	6,00,000	80,000

Calculate:

a) Profit-volume (P/V) Ratio
b) Fixed Cost
c) Break-even point
d) If the company wants to have a profit of Rs.15,000 what should be the level of sales?
e) Profit when sales are Rs.7,80,000
f) Revised BEP is fixed Cost increase by 25%

OR

Q.2. A, B & Cost are three similar plants under the same management who wants to be managed for better operation. **[15]**
The following particulars are available

Plant	A	B	C
Capacity operated	100%	60%	40%
	Rs. In lakhs	Rs. In lakhs	Rs. In lakhs
Turnover	300	300	80
Variable accost	180	210	60
Fixed	70	50	62

You are required to ascertain

a) The capacity of the merged plant for break even
b) The profit or loss at 80% capacity of merged plant
c) The turnover from the merged plant to give profit of Rs.30 lakhs.

Q.3. From the following information given prepare the budget for 80% level of activity **[15]**

Level of activity	50%	60%
No. of units	25,000	30,000
Direct Material Rs.	2,00,000	2,40,000
Direct wages Rs.	75,000	90,000
Factory overhead Rs.	2,00,000	2,05,000
Office and Administration Rs.	3,00,000	3,00,000
Selling and Distribution Rs.	2,50,000	2,70,000

Profit is 20% on Sales

OR

Q.3. The following data is available of a manufacturing company for a year. **[15]**

Fixed Expenses	Rs.”000”
Salaries and Wages	1,520
Rent, Rates and Taxes	1,056
Depreciation	1,184
Sundry Administration Expenses	1,040

Variable Expenses		Semi-Variable Expenses	
At 50% capacity	**Rs."000"**	**At 50% capacity**	**Rs."000"**
Materials	3,472	Repairs and maintenance	560
Labour	3,264	Indirect Labour	1,264
Other Expenses	1,264	Salesman Salaries	608
		Sundry Administration Expenses	448

Semi –Variable expenses remain constant between 45% and 65% of capacity, increasing by 10 between 66% and 80% capacity and by 20% between 81% and 100% capacity.

Sales at various level are	Rs. "000"
At 50% capacity	16,000
At 60% capacity	19,200
At 75% capacity	24,000
At 90% capacity	28,800
At 100% capacity	32,000

Prepare a flexible budget for the year and forecast the profit at 50%, 75% and 100% of capacity.

Q.4. From the following information about sales calculate:- **[15]**

a) Sales Value Variance
b) Sales Price Variance
c) Sales Volume Variance
d) Sales Mixed Variance
e) Sales Quantity Variance

	Budgeted		Actuals	
Product	**Units**	**Rates Rs.**	**Units**	**Rates Rs.**
X	25,000	10	48,000	11
Y	35,000	11	36,000	10
Z	40,000	12	36,000	13

OR

Q.4. From the data given below compute all Material variance **[15]**

Product	Budgeted per unit		Actuals per unit	
	Kg	**Rate Rs.**	**Kg**	**Rates Rs.**
L	5	20	7	22
M	8	30	5	28
N	7	40	8	41

Q.5. A State the steps involved in budgetary control system? **[08]**

Q.5. B What are the benefits of Standard Costing? **[07]**

OR

Q.5. **Write short notes (Any 3)** **[15]**

a) Labour variance
b) Break even chart
c) Absorption Costing Vs. Marginal Costing
d) Zero base budget
e) Decision making in marginal costing