TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF COMMERCE (B.COM.) (NEW)
MAY – 2012 EXAMINATION
THIRD YEAR
Sub: Cost & Works Accounting - III (C-325)

Date: 21/5/2012 Total marks: 80 Time: 10.00 am to 1.00 pm

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

Q.1  a) Fill in the blanks by choosing the correct alternative. (Any five) (05)
1) A………… budget is one which is prepare for changing level of activity.
2) Marginal costing is a technique of ……………..costing.
3) At Break even point ……………is equal to value of turnover.
4) Variance ……… is the procedure to collect, compare, comment and correct.
5) Adoption of ………………costing is a pre-requisite for inter-firm comparison.
6) A………… indicates that level of output of turnover, where cost and revenue are in equilibrium.

b) State whether the following statements are true or false. (Any Five) (05)
1) A technique of standard costing can be operated with marginal costing.
2) Marginal costing facilitates the work of wage boards set up to fix up minimum and fair wages for industry.
3) Sales budget is considered as a foundation of budgetary control system.
4) Small scale industries are subject to cost audit.
5) P/V ratio can be improved by selling more profitable products
6) A budget revision is a unnecessary exercise

Q.2. Define ‘Uniform Costing’. How it differs from inter-firm comparison? (15)

OR

Q.2 Write short notes: (any three) (15)
1) Material yield variance
2) Features of target costing
3) Break even analysis
4) Flexible budget

Q.3  What is ‘Cost Audit’? How it is different from Financial audit (15)

OR

Q.3  What is ‘Standard Costing’? State its objectives?

Q.4 From the following cost data you are required to calculate, (15)
   i) BEP (units and sales)
   ii) Sales required to earn a profit of Rs. 54,000.

Selling price per unit Rs. 18, Contribution per unit Rs. 6 and fixed Cost Rs. 84,000.

Q.5 From the following information calculate, (15)
   i) Material Cost Variance
ii) Material Price Variance
iii) Material Usage Variance
iv) Material Mix Variance

<table>
<thead>
<tr>
<th>Material</th>
<th>Standard Mix</th>
<th>Actual Mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>70 kgs @ Rs. 2 per kg</td>
<td>60 kgs @ Rs. 2 per kg</td>
</tr>
<tr>
<td>Y</td>
<td>30 kgs @ Rs. 4 per kg</td>
<td>50 kgs @ Rs. 5 per kg</td>
</tr>
</tbody>
</table>

**Q.6** Govind Ltd., Pune is currently working at 50% capacity and produces 1,000 units at a cost of Rs. 180 per unit as per the details shown below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Unit Cost (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Material</td>
<td>100</td>
</tr>
<tr>
<td>Direct Labour</td>
<td>30</td>
</tr>
<tr>
<td>Factory Overhead (40% Fixed)</td>
<td>30</td>
</tr>
<tr>
<td>Administrative Overhead (50% Fixed)</td>
<td>20</td>
</tr>
</tbody>
</table>

The current selling price is Rs. 200 per unit. At 60% capacity working, raw material cost increases by 2% and selling price falls by 20%. At 80% capacity working, raw material cost increases by 5% and selling price falls by 5%. Estimate profits of the company at 60% and 80% capacity by preparing Flexible Budgets and offer your critical comments.