

Subject : Cost & Management Accounting -III

Day : Saturday
Date : 15/10/2016



Time : 3.00 P.M. TO 6.00 P.M.
Max Marks : 80 Total Pages : 2

N.B.

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Use of non programmable **CALCULATOR** is allowed.
- 4) Answers to both the sections should be written in the **SAME** answer book.

SECTION – I

Q.1 Attempt **ANY TWO** of the following: **[16]**

- a) What is ‘Budgetary Control’? Describe its objectives.
- b) What are the features of Marginal Costing?
- c) What is ‘Break-Even-Point’? Explain its importance.
- d) What is ‘Cash Budget’? State the procedure of preparation of a Cash Budget.

Q.2 In Reliance Company the sales and profits for the two periods are as given **[16]**
below:

Period	Sales (Rs.)	Profit (Rs.)
I	1,00,000	9,000
II	1,20,000	13,000

You are required to calculate:

- a) P/V Ratio
- b) BEP (Sales)
- c) Profits when sales are Rs. 1,50,000/-.
- d) Sales required to earn a profit of Rs. 50,000/-.

OR

Thomas Cook Ltd., Delhi has given you the following information at 50% capacity of the production of 5,000 units during the month of March, 2016.

Particulars	Unit Cost (Rs.)
Materials	50
Labour	30
Variable Overheads	20
Fixed Overheads (Rs. 50,000)	10
Administrative Overheads	10
Selling Expenses (25% Fixed)	08
Distribution Expenses (20% Fixed)	05
Total	133

You are required to prepare Flexible Budget at 60%, 70% and 80% capacity presuming that at 80% capacity material cost will be less by 5% and variable selling expenses will increase by 10%.

P.T.O.

SECTION – II

- Q.3

From the following information calculate:

a) Material Cost Variance

b) Material Price Variance

c) Material Usage Variance
- [16]

Particulars	Standard		Actual	
Quantity of Material	Units	Rs.	Units	Rs.
Price Per Unit	5,000	2	5,500	3

Verify the results.

OR

- Attempt the following:
- a) What is ‘Standard Costing’? State its advantages.

b) What is ‘Variance Analysis’? Explain in brief the different types of Variance.

- Q.4

Sarvesh Company produces a product, the standard cost card of the same

discloses the following information:

i) Standard Rate per hour

Rs. 26

ii) Standard Time for a unit of output

5 hours
- [16]
- The actual cost data for a particular period are as follows:
- i) Total number of units produced

200 units

ii) Actual hours worked

900 hours

iii) Total labour cost

Rs. 27,000

- You are required to calculate:
- a) Labour Cost Variance

b) Labour Rate Variance

c) Labour Efficiency Variance
- Also verify your results.

OR

- Attempt the following:
- a) What do you mean by ‘Inter-firm Comparison’? Explain the limitations of Inter-firm Comparison.

b) What are the objectives of Uniform Costing?

- Q.5

Write short notes on **ANY FOUR** of the following:
- [16]
- a) Activity Based Costing

b) Material Yield Variance

c) Sales Budget

d) Limitations of Uniform Costing

e) Reporting of Variances

f) Target Costing.

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