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BACHELOR OF COMMERCE (B.COM.)
EXAMINATION- DECEMBER- 2024
FIFTH SEMESTER

Sub.: Cost and Work Accounting - III (BCOM19-304C / BCWA-503)

Date: 06/12/2024

Total Marks: 60

Time: 10.00 am to 12.30 pm

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

Q. 1 (a) Fill in the blanks (Any 5)

(05)

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 technique 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

Q. 1 (b) State whether the following statement are true or false (any 5)

(5)

- 1 Marginal costing is also known as direct costing and variable costing.
- 2 Uniform costing serves as a basis of competitive but non-destructive bidding.
- 3 Before conducting cost audit, the auditor should have broad idea of the cost structure of the industry.
- 4 Target costing provides across functional communication language for the product optimization.
- 5 The cash budget is a tool of financial planning
- 6 When the actual performance is better than the planned performance then such condition denotes a favorable variance.
- 7 A budgetary control system serves the basic purpose, namely planning, co-ordination and control

- Q. 2 a)** Prepare Cash Budget for the months of March, April and May 2009 on the basis of the following information: **(20)**

Income and Expenditure forecasts:

Months 2009	Credit Sales Rs.	Credit Purchase Rs.	Wages Rs.	Manufacturing Expenses Rs.	Office Expenses Rs.	Selling Expenses Rs.
January	50,000	30,000	7,000	3,000	1,000	2,000
February	55,000	32,000	6,000	2,000	1,500	2,500
March	57,000	28,000	8,000	3,000	2,000	2,500
April	52,000	27,000	7,000	2,500	1,500	2,000
May	48,000	29,000	6,500	3,500	1,000	3,000
June	50,000	28,000	6,000	2,000	1,500	3,500

Adjustments:

- 1) Opening balance For March is Rs. 6,000.
- 2) Credit allowed by suppliers is 2 months.
- 3) Credit allowed to customers is 1 month.
- 4) Lag in payment of manufacturing expenses is half of that month and half of earlier month.
- 5) Lag in payment of selling and office expenses is 1 month.

OR

- b) What is meant by uniform costing? Explain advantages and limitations in details.

- Q. 3 a)** Prepare a production budget for three months ending 31 March 2010 for a manufacturing unit producing four products, on the basis of the following information: **(10)**

Product	Estimated stock on 1 January 2010 (Units)	Estimated Sales during January-March 2010 (Units)	Desired Closing Stock on 31 March 2010 (Units)
P	4,000	20,000	9,000
Q	5,000	25,000	7,000
R	7,000	22,000	5,000
S	9,000	30,000	4,000

- b) **Write short notes. (Any 2)** **(05)**

- 1 Advantages of target costing
- 2 Advantages of inter firm comparison
- 3 Flexible budget
- 4 Limitations of inter firm comparison

- Q. 4 a)** Calculate i) Break-Even Point and ii) Margin of safety from the information given below: **(15)**

Sales: Rs. 1,50,000
Variable costs: Rs. 1,20,000
Fixed costs: Rs. 15,000

OR

- b) Standard output: 500 units
Actual output: 400 units
Standard price: Rs. 2 per kg
Actual price: Rs. 3 per kg
Actual quantity: 2,000 kg
Standard quantity: 4 kg per unit
Calculate the material cost variance.