T.Y. BAF - Sem VI - A.T.K.T Exam - Nov'2022

Paper / Subject Code: 13002 / Cost Accounting - IV

Dt :- 19/11/22

Time : 2.30 Hrs **Marks : 75**

Q.1)A) State whether True or False:- **(Any 8)** (8)

1) Budget is prepared for an indefinite period.
2) P.V. ratio depends upon sales and Fixed cost both.
3) Labour cost variance = Labour Rate Variance – Labour Efficiency Variance.
4) In fixed budgets costs are classified according to their nature.
5) Variable cost per unit remains constant.
6) In forecast, there is a promise or commitment to achieve estimates.
7) Fixed cost per unit remains constant with the increase in the volume of output.
8) Sales minus variable cost is equal to fixed cost plus profit.
9) Fixed overhead expenditure variance is always favourable.
10) The main purpose of marginal costing is cost control.

Q1) B) Fill in the blanks with appropriate option:- **(Any 7)** (7)

1) Fixed cost is also known as_______.

a) Period cost b) Variable cost c) Marginal cost d) Floating cost

2) Given Production at 60% activity, 600 units, Material Rs.50 per unit, LabourRs.20 per unit, Direct expenses Rs.5 per unit, Factory overheads Rs.20,000 (60% variable) and Administration expenses Rs.15,000 (60% fixed). What will be the total cost per unit for production at 80% capacity?

a) Rs.1,01,000 b) Rs.126.25 c) Rs.122 d) Rs.1,22,000

3) __________ factor is defined as the factor in the activities of an organization which, at a particular point of time or over a period, will limit the volume of output.

a) Sales b) Key c) Purchase d) BEP

4) Change in cost ÷ change in production = ______ cost per unit.

a) Variable b) Semi- variable c) Fixed cost d) Total cost

5) __________ decision arises when a firm is selling multiple products.

a) Make or buy b) Plant shut down c) Sales mix d) Exploring new markets

6) If company uses only one type of material, then following variance cannot be found _________.

a) MCV b) MQV c) MPV d) MMV

7) Which is the most likely purpose of budgeting?

a) Planning and control of an organization's income and expenditure
b) Preparation of a five-year business plan
c) Company valuation
d) Assess the non-financial performance of an organization

8) Comparison of actual with the standard are done in order to determine _______.

a) Profit b) Cost c) Variance d) Sales

9) A firm has produced the following budget for an activity level of 200,000 units:

Particulars	Rs.
Material	15,000
Direct Labour	40,000
Fixed expenses	77,000

What would be the total cost for a level of activity of 225,000 units?

a) Rs.133,875 b) Rs.148,500 c) Rs.125,889 d) Rs.138,875

10) If margin of safety is Rs.60,000, contribution Rs.20,000 & Sales is Rs.80,000 then profit will be Rs. _______.

a) 30,000 b) 15,000 c) 20,000 d) 60,000

Q.2) Calculate all Material Variances of SAIL Ltd for the following data. (15)

	Standard (per unit of output)		Actual (output=1000)	
Material	Qty	Price	Qty	Price
A	40	8	42000	9
B	50	7	47000	6
C	20	12	21000	10

OR

(15)

Q.2) C , A & T are three similar plants under same management who want them to be merged for better operation. The details are as under

Plant	C	A	T
Capacity Operated	75%	100%	60%
Turnover (Rs in lakh)	500	750	600
Variable cost (% of Sales)	60%	73 1/3%	50%
Fixed Cost (Rs in Lakh)	100	200	200

You are required to find out

(a) The capacity of the merged factory for break even.
(b) The profit at 85% capacity of the merged plant.
(c) Sales required to earn a profit of Rs 18 Lakh.

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(15)

Q.3) A factory engaged in manufacturing plastic Tiffin boxes is working at 40% capacity and produces 10,000 Tiffin boxes per month.

The present cost break up for one Tiffin box is as under:

Materials Rs.10 Labour Rs.3 Overheads Rs.5 (60% fixed)

The selling price is Rs.20 per Tiffin box. If it is desired to work the factory at 50% capacity the selling price falls by 3%. At 90% capacity the selling price falls by 5% accompanied by a similar fall in the price of material.

You are required to prepare a statement of profit at 40%, 50% and 90% capacities and also calculate the break- even points at this capacity production.

OR

(15)

Q.3) Shah Bros. has prepared the following sales budget for the following five months of 2019:

Month	Sales (Units)
April	1,08,000
May	1,56,000
June	1,22,000
July	1,04,000
August	98,000

Stock of finished goods at the end of every month is equal to 25% of sales estimate for the next month. There is no work-in-progress at the end of any month.

Every unit of product requires two types of materials in the following quantities and rates:

Material A- 4 kg. @ Rs.3 per kg.

Material B- 5 kg. @ Rs.2 per kg.

Materials equal to one half of the requirement of next month's production are to be in hand at the end of every month. This requirement was met on 1st April 2019.

Opening Bal: A- 2,40,000 kg., B- 3,00,000 kg.

You are required to prepare the following:

a) Production Budget for April to June 2019.

b) Material Consumption Budget for April to June 2019.

c) Purchase Budget showing quantity & value for April to June 2019.

Q.4) Fixed cost Rs.1,50,000 (15)
B.E.P. Rs.4,50,000
Margin of safety Rs.90,000

Calculate:

1- P.V. Ratio
2- Profit
3- New BEP if fixed cost increased by Rs 50,000
4- Sales to earn a profit of Rs 45,000.
5- Profit when sales was Rs .6,50,000.

OR

(15)

Q.4) From the following information suggest the optimum sales mix.

Particulars	Per units
Selling price P Q	 Rs.70 Rs 50
Materials: P Q	 Rs. 12 Rs. 9
Wages: P Q	 5 hours @ Rs. 4 per hrs. 3 hours @ Rs. 3 per hrs.
Variable overheads	150% of wages
Fixed overheads	Rs 5,000

a) 350 units of P & 250 units of Q
b) 600 units of Q
c) 600 units of P
d) 250 units of P & 350 units of Q

Q5) A) Define Budgetary control & state its objective. (8)

B) Explain Cost Volume Profit Relationship. (7)

OR

Q5- Write Short Notes on:- **(Any 3)** (15)

1- Cash Budget
2- Variable overhead variance
3- Key Factor
4- Disadvantages of marginal costing.
5- Standard costing

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