

[6315]-422

T.Y. B.Com.

COST & WORKS ACCOUNTING - III**366 (e) : Techniques of Cost Accounting and Cost Audit
(2019 Pattern) (CBCS) (Semester - VI)****Time : 2½ Hours]****[Max. Marks : 50]****Instructions to the candidates:**

- 1) All questions are compulsory.
- 2) Figures to the right indicate full marks.
- 3) Use of a simple calculator is allowed.

Q1) A) Fill in the blanks by selecting an appropriate answer from the options given (any five) [5]

- i) _____ is NOT a component of standard cost.
 - a) Direct materials cost
 - b) Direct labor cost
 - c) Variable overhead cost
 - d) Indirect labor cost
- ii) In standard costing, _____ is considered a favorable variance.
 - a) Actual costs are higher than standard costs
 - b) Actual costs are equal to standard costs
 - c) Actual costs are lower than standard costs
 - d) Actual costs exceed the budgeted costs
- iii) _____ is one of the many advantages of standard costing.
 - a) It provides accurate predictions of future costs
 - b) It simplifies the budgeting process
 - c) It facilitates cost control and performance evaluation
 - d) It eliminates the need for variance analysis
- iv) Material Price Variance = _____.
 - a) $(\text{Actual quantity} \times \text{Standard price}) - (\text{Actual quantity} \times \text{Actual price})$
 - b) $(\text{Actual quantity} \times \text{Actual price}) - (\text{Standard quantity} \times \text{Standard price})$
 - c) $(\text{Actual quantity} \times \text{Actual price}) - (\text{Actual quantity} \times \text{Standard price})$
 - d) $(\text{Standard quantity} \times \text{Standard price}) - (\text{Actual quantity} \times \text{Actual price})$

v) Under CAS 7, employees cost should be determined _____

- Based on historical costs only
- Based on current market rates only
- Based on standard rates and actual costs
- Based on budgeted costs only

vi) Variable cost is the difference between _____.
 a) Sales and Profit b) Sales and Fixed Cost
 c) Sales and Total Cost d) Sales and Contribution

B) Match the following : [5]

Group A	Group B
a) CAS 6	i) Holds specific qualifications and duties
b) Cost Audit	ii) Deals with planned income and expenditure
c) Budgetary control	iii) Systematic examination of cost records
d) Standard Costing	iv) Material Cost
e) Cost Auditor	v) Focuses on predetermined costs

Q2) Write Short Notes (any two): [10]

- Objectives of Cost Audit
- CAS 7
- Importance of Standard Costing
- Cost Management for the Agricultural sector

Q3) a) From the following information you are required to Calculate [8]

- Material Cost variance,
- Material Price Variance,
- Material Quantity Variance
- Verification of the calculation of the variances

Material	Standard Quantity	Standard Rate (₹)	Standard Amount (₹)	Actual Quantity	Actual Rate (₹)	Actual Amount (₹)
A	70	25	1,750	80	30	2,400
B	50	15	750	40	10	400
Total	120		2,500	120		2,800

b) Using the following cost data, calculate [7]

- Labour Cost Variance
- Labour Rate Variance
- Labour Efficiency
- Idle Time Variance

Given :

- Standard Hours = 1,800
- Standard Rate per hour = ₹ 100
- Actual Rate = ₹ 120
- Actual Hours = 1,700
- Idle Time (hours not worked due to abnormality) = 150 hours

Q4) a) ABC Pvt. Ltd. plans to produce 1,00,000 units of its product with a variable cost of ₹ 20 per unit and fixed costs amounting to ₹ 2,00,000. The company aims to achieve a profit of 20% on the cost price. [8]

- Calculate the selling price per unit required to achieve the desired profit.
- If the company decides to reduce its selling price by 15%, how does the revised price affect the Profit/Volume Ratio and Break-Even Point?

b) Who is a Cost Auditor? Explain the rights and duties of a Cost Auditor. [7]

