

[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) (Actual quantity × Standard price) - (Actual quantity × Actual price)
 - b) (Actual quantity × Actual price) - (Standard quantity × Standard price)
 - c) (Actual quantity × Actual price) - (Actual quantity × Standard price)
 - d) (Standard quantity × Standard price) - (Actual quantity × Actual price)

P.T.O.

- 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 _____.
- Sales and Profit
 - Sales and Fixed Cost
 - Sales and Total Cost
 - 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]

- i) Labour Cost Variance
- ii) Labour Rate Variance
- iii) Labour Efficiency
- iv) 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]

- i) Calculate the selling price per unit required to achieve the desired profit.
- ii) 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]

