Total No. of Questions : 4]

SEAT No. :

PE-1126

[Total No. of Pages : 3

[6525]-622
T.Y. B.Com.
366 (e) : COST & WORKS ACCOUNTING - III
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 with the appropriate term from the given options (any five)** **[5]**

i) Standard Costing is a technique of cost control that involves comparing standard costs with _____ costs.

(Budgeted, Fixed, Actual)

ii) _____ Variance arises due to the difference between the standard rate and the actual rate paid to workers.

(Labour Rate, Idle Time, Material Usage)

iii) _____ Pricing focuses on setting prices based on customer perceptions of value rather than on cost.

(Cost-based, Competition-based, Value-based)

iv) _____ Variance occurs due to differences in the standard and actual material consumption.

(Material Price, Material Usage, Labour Efficiency)

v) The purpose of a Cost Audit is to ensure that _____ records are maintained in compliance with legal and regulatory standards.

(Financial, Cost, Internal)

vi) Under _____ Pricing Strategy, prices are set lower initially to attract customers and gain market share.

(Skimming, Penetration, Markup)

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B) Match the Following **[5]**

Column A		Column B	
i)	Cost Accounting Standards	a)	Guidelines for cost measurement and reporting
ii)	Variance Analysis	b)	Comparison of actual performance with budgets
iii)	Break-even analysis	c)	Verification of cost records
iv)	Cost Audit	d)	No profit, no loss.
v)	Budgetary Control	e)	Difference between standard & actual cost

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

a) Advantages and Limitations of Standard Costing
b) Cost Accounting Standard 6 (CAS-6)–Material Cost
c) Role and Responsibilities of a Cost Auditor
d) Competition-Based Pricing vs. Value-Based Pricing

Q3) **a) From the information given below you are required to calculate :** **[8]**

i) Material Cost variance,
ii) Material Price Variance,
iii) Material Quantity/Usage Variance
iv) Verification of the calculation of the variances

Material	Standard		Actual	
	Quantity (kgs)	Rate (₹)	Quantity (kgs)	Rate(₹)
P	90	18	80	22
Q	30	25	50	15
Total	120		130	

b) From the information given below you are required to calculate : **[7]**

i) Labour Cost Variance
ii) Labour Rate Variance
iii) Labour Efficiency
iv) Idle Time Variance

Particulars	Value
Standard Hours (SH)	1,800 hours
Standard Rate (SR) per hour	₹ 140
Actual Rate (AR) per hour	₹ 130
Actual Hours (AH) (Total worked including idle time)	1700 Hours
Idle Time (hours not worked due to abnormality)	25 Hours

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Q4) a) Beta Ltd. produces and sells 3,000 units per month at a selling price of ₹ 50 per unit, with a variable cost of ₹ 30 per unit and a fixed cost of ₹ 15,000. The management is considering reducing the selling price to ₹ 40 per unit to increase sales volume.

You are required to calculate:

The additional sales required to earn an extra profit of 8,000 compared to the current profit. **[8]**

b) What is a Cost Audit? Explain the procedure and significance of Cost Audit? **[7]**

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