

[Time: 3.00 Hrs]

[ Marks: 75 ]

Please check whether you have got the right question paper.

**Instructions :**

1. Q1 (20 marks) & Q8 (15 marks) are compulsory.
2. Attempt Any Four (40 marks) out of Q2, Q3, Q4, Q5, Q6 and Q7.
3. Students have to attempt any four out of the remaining six questions and within each question; students have to attempt any one out of two sub – questions. Each sub – question would carry 10 Marks.
4. Figures to the right indicate full marks.
5. Draw neat diagrams wherever necessary.

**Q.1 Read and attempt the following:****10Marks**

(a) Multiple choice question.

i) The most important budget on which all other budgets are based is \_\_\_\_\_.

A) sales budget B) flexible budget c) cash budget

ii) Production budget is based on \_\_\_\_\_.

A) purchase B) sales C) work in progress

iii) Basic objective of cost accounting is \_\_\_\_\_.

A) tax compliance B) financial audit C) cost ascertainment

iv) . Direct cost incurred can be identified with \_\_\_\_\_.

A) each department B) each unit of output C) each month

v) Overhead cost is the total of \_\_\_\_\_.

A) all indirect costs B) all direct costs C) indirect and direct costs

vi) Process costing is suitable for \_\_\_\_\_.

A) transport B) oil refining firm C) hospital

vii) Warehouse rent is a part of \_\_\_\_\_.

A) prime cost B) overhead C) Distribution cost

viii) Cost of sales plus profit is \_\_\_\_\_.

A) COGS B) work cost C) sales

ix) if fixed cost is Rs.12,00,000 and P/V ratio is 20%, the BEP is \_\_\_\_\_.

A) 45,00,000 B) 55,50,000 C) 60,00,000

X) In absorption costing, closing stock is valued at \_\_\_\_\_.

A) cost B) Sales C) fixed cost

**(b) True or false.****10 Marks**

i) All manufacturing costs are period costs.

ii) Variable costs per unit vary with the level of production or sales volume

iii) Wood used to manufacture chairs is considered a direct variable cost

iv) Variable cost per unit reduces with an increase in production volume

v) P/V ratio can be improved by decreasing the selling price

vi) Fixed budget is suitable for fixed expenses.

vii) Production department is a investment center.

- viii) A unit cost is also called an average cost.
- ix) Normal loss is treated as normal cost of production
- x) Abnormal loss is charged to costing profit and loss account.

**Q.2 Attempt any one of the following:**

**10 Marks**

A) The following information is available from the cost records of AB & Co. for the month of December, 2024.

Actual rate and prices are:

Material purchased 24,000 kg for Rs.1,05,600

Material consumed 22,800 kg

Actual wages paid for 5,940 hours Rs.29,700

Unit produced 2160 units.

Standard rate and prices are:

Direct Material rate is RS.4.00 per unit

Direct Labour rate is Rs.4.00 per hour

Standard input is 10 kg for one unit

Standard requirement is 2.5 hours per unit

Calculate all material and labour variances for the month December, 2024

(B) Write a note on Normal Loss.

**Q.3 Attempt any one of the following:**

**10 Marks**

(A) The following information relating to a type of Raw material is available:

Annual demand 2000 units

Unit price Rs.20.00

Ordering cost per order Rs. 20.00

Storage cost 2% p.a

Interest rate 8% p.a

Calculate economic order quantity and total annual inventory cost on the raw material.

(B) Explain element of cost.

**Q.4 Attempt any one of the following:**

**10 Marks**

(A) The following information was extracted from the books of Sam Ltd.

Particular	Rs.
Sales (10,000 unit)	2,00,000
Variable Cost	1,20,000
Fixed Cost	60,000

Find out:

- 1) P/v Ratio
- 2) Break Even Point
- 3) Margin of Safety
- 4) Sales require to earn profit of Rs.50,000/-
- 5) Profit when sales are Rs.9,00,000

(B) What are the managerial uses of Marginal costing?

**Q.5 Attempt any one of the following:**

**10 Marks**

(A) X ltd Manufacturing company submits the following information on 31-3-2013

Particulars	Rupees
Sales for the year	3,75,000
Inventories at the beginning of the year-	
- Raw Materials	6,000
- Work in Progress	8,000
- Finished Goods	1,10,000
Purchase of materials	75,000
Direct Labour	10,000
Inventories at the end of the year -	
- Raw Materials	6,000
- Work in Progress	8,000
- Finished Goods	10,000
Other expenses for the year –	
Selling expenses	29,000
Administrative expenses	17,000
Factory overheads	45,000
Prepare Statement of cost	

(B) Write note on Margin of Safety.

**Q.6 Attempt any one of the following:**

**10 Marks**

(A) XYZ Limited is currently working at 50% capacity. Prepare flexible budget and estimate the profit for 60%, 70% and 80% capacity. The company produces 10,000 units at 50% capacity.

- At 60% capacity the raw material cost will increase by 2% and selling price fall by 2%.
- At 70% capacity the raw material cost will increase by 4% and selling price fall by 4%.
- At 80% capacity the raw material cost will increase by 5% and selling price fall by 5%.
- At 50% capacity the product cost is rupees 180 per unit and it is sold at Rs.200 per unit.

The cost per unit at 50% capacity is as follows:

Material	Rs.100
Labor	Rs.30
Factory overhead	Rs.30 (40% Fixed)
Administrative overhead	Rs.20 (50% Fixed)
Total	Rs.180

(B) Explain in brief different types of budgets.

**Q.7 Attempt any one of the following:**

**10 Marks**

- (A) What is Cash Budget? How is it prepared?
- (B) Write a note on classification of variance?

**Q.8 Write short notes on Any three the following:**

**15 Marks**

- (A) Transfer pricing
- (B) Cost variance
- (C) Cost of sales
- (D) P/V Ratio

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