

TILAK MAHARASHTRA VIDYAPEETH

(Department of Distance Education)

T.Y B.Com Home Assignment – May 2011-12

Subject: Cost & Works Accounting - III

Subject Code:- C-309

Instructions:

- 1) All questions carry equal marks (16 marks each)**
- 2) All questions are compulsory**

1. Write short notes on-

- a) Margin of Safety
- b) Classification of budget according to flexibility
- c) Break Even point
- d) Difference between Standard Costing and Budgetary Control
- e) Labour Efficiency Variance
- f) Features of Target Costing
- g) Types of Cost audit
- h) Uniform Cost Accounting System

2. Birla Ltd., Pune has prepared the following budget estimated for the year 2009-2010.

Sales	Units 15,000
Fixed Cost	Rs. 34,000
Sales Value	Rs. 1,50,000
Variable Cost per unit	Rs. 6

You are required to calculate,

- a) P/V Ratio, BEP (Sales) and Margin of Safety
- b) Also calculate the effect of the following-

- i. Decrease of 10% in selling price
- ii. Increase of 10% in variable cost

3. The expenses budgeted for production at 100% capacity of Infosys Ltd., Bangalore are given below-

Particulars	At 100% capacity (Rs.)
Direct materials	6,00,000
Variable Works Overheads	2,00,000
Basic Wages	2,00,000
Fixed production overheads	80,000
Productive expenses- Marginal	40,000
Administrative expenses- Rigid	40,000
Selling Overheads (10% fixed)	1,20,000
Distribution on Cost (80% variable)	60,000

Prepare a Flexible budget for the production at 60% and 80% capacity showing separately-

- i) Prime cost, ii) Works cost, iii) Cost of production, and iv) Cost of Turnover

4. State whether each of the following statement is 'True' or 'False'.

- a) Higher margin of safety represents lower risk.
- b) Cash budget serves as a sound basis for cost control
- c) The preparation of budget is both an accounting exercise as well as a management process.
- d) Inter-firm comparison is a natural outcome of variable costing.

e) Cost audit is the verification of cost and financial accounts.

5. From the following information calculate,

- a) Material Cost Variance
- b) Material Price Variance
- c) Material Usage Variance
- d) Material Mix Variance

Material	Standard Mix	Actual Mix
A	70 kgs @ Rs. 2 per kg	60 kgs @ Rs. 2 per kg
B	30 kgs @ Rs. 4 per kg	50 kgs @ Rs. 5 per kg

6. Prepare a Cash Budget for three months ending 30th June, 2010 from the following particulars relating to Atlas Cycle Co., Ajmer.

2010 Months	Total Sales (Rs.)	Material Purchases (Rs.)	Salary (Rs.)	Selling on Cost (Rs.)
January	80,000	40,000	6,000	3,800
February	1,00,000	80,000	8,000	4,200
March	60,000	80,000	8,000	6,100
April	1,20,000	1,00,000	10,000	3,800
May	1,60,000	1,43,000	12,000	4,300
June	1,40,000	1,00,000	10,000	6,800

Additional Information-

- 30% of Credit Sales will be realized in the second month following whereas remaining 70% of Credit Sales will be realized in the month following the sales.
- The Materials Purchases will be on credit and the Creditors to be paid in the month following the purchases.
- Delay in payment of salary is half a month.
- Selling on costs are to be paid in the same month.

- The proportion of cash turnover to credit turnover is 1:3 in total turnover.
- Advance income tax is to be paid in the month of April amounting to Rs. 4,000.
- The cash at Bank on 1st April, 2010 estimated to Rs. 40,000.