

M.Com(A&F) DEGREE EXAMINATION, APRIL 2020
I Year I Semester
Cost Estimation and Control

Time : 3 Hours

Max.marks :75

Section A ($10 \times 2 = 20$) Marks

Answer any **TEN** questions

1. What is cost behaviour?
2. How do you differ financial gearing and operational gearing?
3. Define job costing.
4. Explain the abnormal gain?
5. Write a note on break even analysis.
6. What do you mean by cost control?
7. Explain the term Zero base budget?
8. From the following data, Calculate margin of safety:

Sales	Rs.10,00,000
Fixed expenses	Rs.3,00,000
Profit	Rs.2,00,000
9. From the following data, Calculate the Material price variance

Standard	10 Kg. at Rs.5 Per Kg.
Actual	15 Kg. at Rs.6 Per Kg.
10. In process A, 100 units of raw materials were introduced at a cost at Rs.1,000. The other expenditure incurred by the process was Rs.602. Of the units introduced, 10% are normally lost in the course of manufacture and they possess a scarp value of Rs.3 each. The output of process A was only 75 units. Calculate the value of abnormal loss.
11. Calculate Labour Cost Variances

Standard hours	40 @ Rs.3 Per hour
Actual hours	50 @ Rs.4 Per hour
12. From the following particulars, prepare a production Budget.

Sales	1,50,000 Units
Estimated Opening stock	14,000 Units
Estimated Closing stock	15,000 Units

Section B ($5 \times 5 = 25$) MarksAnswer any **FIVE** questions

13. Discuss the need for the cost information in an industry.
14. What are the benefits of Job costing?
15. The following expenditure is incurred for the producing articles, called mini motors.

	Rs
Materials (200 Units)	4,000
Labour	3,000
Indirect Expenses	2,000

Normal wastage is 5% of the input. One unit of wastage is sold at Rs.16.50.
Prepare Process Account

16. From the following data, calculate:
1. P/V Ratio
 2. Profit when sales are Rs.20,000
 3. New break - even point if selling price is reduced by 20%
- Fixed Expenses Rs.4,000
Break – even point Rs.10,000
17. With the following data for a 60 per cent Activity, prepare a budget for production at 80% and 100% Activity.
- Production at 60% Activity – 600 Units
- | | |
|-------------------------|-----------------------|
| Materials | Rs.100 Per unit |
| Labour | Rs. 40 Per unit |
| Expenses | Rs. 10 Per unit |
| Factory Expenses | Rs.40,000 (40% fixed) |
| Administration Expenses | Rs.30,000 (60% fixed) |
18. The standard cost of material for manufacturing a unit of a particular product is estimated as follows: 16 Kg. of raw materials @ Rs.1 Per kg.
On Completion of the unit, it was found that 20 kg. of raw material costing Rs.1.50 per kg. has been consumed
Compute material cost variance.
19. You are given Margin of safety: Rs.10,000 which represents 40% of sales, P/V ratio 50% Find out
- a. Break-Even sales
 - b. Fixed costs

Section C ($2 \times 15 = 30$) MarksAnswer any **TWO** questions

20. From the following information given to you, prepare process B Account:
2,000 units are transferred to Process B @ Rs.4 per unit. Other details relating to the process are:

	Rs.
Materials	4,000
Labour	1,000
Over head	700

The normal loss has been estimated @ 10% of the process input. Units representing normal loss can be sold @ Re.1.00 per unit. Actual production in the process is 1,900 units. Output of process B transferred to finished stock Account.

21. The reliable Battery Co. furnishes you that following information

	First half	Second half
Sale	Rs.8,10,000	Rs.10,28,000
Profit	21,800	64,800

Calculate

1. P/V ratio
 2. Fixed Cost
 3. The amount of profit or loss when sales are Rs.6,48,000
 4. The amount of sales required to earn a profit Rs.1,08,000
22. A company is expecting to have Rs.25,000 cash in hand on 1st April 2010 and it requires you to prepare an estimate of cash position during the three months, April to June 2010. The following information is supplied to you.

	Sales Rs.	Purchases Rs.	Wages Rs.	Expenses Rs.
February	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

Other information :-

- (a) Period of credit allowed by suppliers two months.
- (b) 25% of sale is for cash and period of credit allowed to customers is one month
- (c) Delay in payment of wages and expenses – one month
- (d) Income tax of Rs.25,000 is to be paid in June 2010.

23. With the help of following information calculate

- a. Labour cost variance
- b. Labour rate variance
- c. Labour efficiency variance

Standard hours 40 @ Rs.3 per hour

Actual hours 50 @ Rs.4 per hour