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# V Semester B.Com. Examination, March 2023 <br> (CBCS) (F+R) <br> (2022-23 and Onwards) <br> TOURISM AND TRAVEL MANAGEMENT Paper - 5.2 : Cost Management 

Time : 3 Hours

Instruction : Answers to be written in English only.

## SECTION - A

1. Answer any five sub-questions. Each carries two marks :

a) Define the term cost management.
b) Define the term standard costing.
c) What is Break Even Point ?
d) What is Pareto Chart ?
e) What is ABC costing ?
f) What is budgetary control ?
SECTION - B

Answer any three of the following questions. Each carries five marks.
2. Explain the difference between cost control and cost reduction.
3. Prepare a flexible budget for production at 80 percent and 100 percent activity on the basis of the following information.
Production at 50\% capacity- 5000 units
Raw material Rs. 80 per unit
Direct labour Rs. 50 per unit
Direct expenses Rs. 15 per unit
Factory expenses Rs. 50,000 (50\% fixed)
Administration expenses Rs. 60,000 ( 60\% variable)
4. A furniture company uses Sun mica tops, tops for tables. It provides the following date:

Standard Quantity of Sun mica per table - 4 sq ft .
Standard price per unit Rs. 5
Actual production -1000
Sun mica Actually used $4,300 \mathrm{sq} \mathrm{ft}$.
Actual purchase price per sq ft. Rs.5.50
Calculate MCV, MPV, MUV.
5. From the following data calculate the amount of variable cost:

Break Even Point - Rs. 60,000
Profit - Rs. 3,000
Fixed cost - Rs. 12,000
SECTION - C

Answer any three of the following questions. Carries 15 marks :
6. Prepare a cash budget for the three months ending $30^{\text {th }}$ June 2019 from the information given below :

| Month | Sales (Rs.) | Materials (Rs.) | Wages (Rs.) | Overheads (Rs.) |
| :--- | ---: | ---: | ---: | ---: |
| February | 14,000 | 9,600 | 3,000 | 1,700 |
| March | 15,000 | 9,000 | 3,000 | 1,900 |
| April | 16,000 | 9,200 | 3,200 | 2,000 |
| May | 17,000 | 10,000 | 3,600 | 2,200 |
| June | 18,000 | 10,400 | 4,000 | 2,300 |

a) Credit terms are: Sales and debtors - 10\% sales are on cash., $50 \%$ of the credit sales are collected next month and balance in the following month.
b) Creditors - Material 2 months

Wages $1 / 4$ month
Overhead $1 / 2$ month
c) Cash and bank balance on 1 April, 2019 is expected to be Rs. 6,000.
d) Other information :

1) Plant and Machinery will be installed in February 2019 at a cost of Rs. 96,000 . The monthly instalment of Rs. 2,000 is payable from April onwards.
2) Dividend @ $5 \%$ on preference share capital of Rs. 2,00,000 will be paid in $1^{\text {st }}$ June.
3) Advance to be received for sale of vehicles Rs. 9,000 in June.
4) Dividend from investments amounting to Rs. 1,000 are expected to be receive in June.
e) Income tax to paid in June 2019 is Rs. 2,000.
7. The standard labour employment and the actual labour engaged in a week for job are as under

|  | Skilled <br> workers | Semi-skilled <br> workers | Unskilled <br> workers |
| :--- | :--- | :--- | :--- |
| Standard no. of workers in the gang | 32 | 12 | 6 |
| Actual no. of workers employed | 28 | 18 | 4 |
| Standard wage rate per hour | 3 | 2 | 1 |
| Actual wage rate per hour | 4 | 3 | 2 |

During the 40 hours working week, the gang produced 1,800 labour hours of work. Calculate
a) Labour cost variance
b) Labour rate variance
c) Labour efficiency variance
d) Labour mix variance
e) Labour yield variance.
8. The budgeted overhead and cost driver volumes of $X Y Z$ Ltd., are as follows :

| Cost Pool | Budgeted <br> Overhead <br> (in Rs.) | Cost Driver | Budgeted <br> Volumes |
| :--- | :--- | :--- | :--- |
| Material procurement | 57,200 | No. of orders | 100 |
| Material handling | 24,000 | No. of movements | 60 |
| Set up | 40,000 | No. of set up | 50 |
| Maintenance | 90,000 | Maintenance hours | 900 |
| Quality Control | 18,000 | No. of Inspection | 80 |
| Machinery | 72,000 | No. of machine hours | 2,400 |

The company has produced a batch of 250 components of product X. The martial cost were Rs. 60,000 and labour cost Rs. 1,00,000 the usage activities of the said batch are as follows :
Material orders 10
Maintenance hours 320
Material movement 10
Inspection 15
Set ups 13
Machinery hours 800
Prepare a budget from the above information.
9. The following figures are available from the records of Rachana Enterprise as at 31 March of 2021 and 2022 :

|  | 2021 in Lakh | 2022 in lakh |
| :--- | :--- | :--- |
| Sales | 150 | 200 |
| Profit | 30 | 50 |

Calculate :
a) P/V ratio
b) Fixed Cost
c) Break Even Point (In Rs.)
d) Sales required to earn a profit of Rs. 90 lakh
e) Profit or loss that would arise if the sales were Rs. 280 lakh.

