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

Time : 3 Hours

Max. Marks: 70

(5×2=10)

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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. (3×5=15)

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)

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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 sq 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       | - | Bs. 12.000 |

SECTION - C

Answer any three of the following questions. Carries 15 marks : (3×15=45)

6. Prepare a cash budget for the three months ending 30<sup>th</sup> 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.

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b) Creditors – Material 2 months
Wages ¼ 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.
  - Dividend @ 5% on preference share capital of Rs. 2,00,000 will be paid in 1<sup>st</sup> 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

| С                                   | 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.

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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.