

**Vidya Vikas Mandal's**  
**Shree Damodar College of Commerce and Economics, Margao-Goa**  
**TY B.Com, Semester-V, Semester End Examination January 2022**  
**Cost Accounting- DSE 3**  
**Techniques of costing (COD110)**

**Duration: 2hrs**

**Max Marks: 80**

**Instructions:**

- 1) Q.1 is compulsory.
- 2) Answer any three from Q.2 to Q.6.
- 3) Figures to the right indicate maximum marks.
- 4) All questions carry equal marks.
- 5) Start each question on fresh page.
- 6) Enter appropriate main & sub question numbers in the answer book.
- 7) All working notes to form part of your answer.

**Q.1** The following figures for profit and sales are obtained from the accounts of X Co Ltd.

Year	Sales	Profit
2020	Rs 2,40,000	Rs 18,000
2021	Rs 2,80,000	Rs 26,000

Calculate

- 1) P/V Ratio
  - 2) Fixed Cost
  - 3) Break Even Sales
  - 4) Profit at sales Rs 2,00,000
  - 5) Sales required to earn a profit of Rs 40,000
- (20 marks)**

**Q.2)** The following particulars are extracted from the records of a company.

	Product A Per unit	Product B Per unit
Sale Price (Rs.)	100	110
Consumption of Materials (kgs.)	5	4
Material cost (Rs.)	24	14
Direct wages (Rs.)	2	3
Machine hours used	2	3
Variable overheads	4	6

Comment on the profitability of each product (both use the same raw material) when

- (i) Total sales potential in units is limited.
- (ii) Total sales potential in value is limited.
- (iii) Raw Material is in short supply.
- (iv) Production capacity (in terms of machine hour) is the limiting factor.

**(20 marks)**

**Q.3)** The standard cost of a certain chemical mixture is

40% of Material A @ Rs 20 per kg

60% of Material B @ Rs 30 per kg

Standard loss of 10 % is expected in production

In a certain period, 90 kgs of Material A at Rs 18 and 110 kgs of Material B at Rs 34 per kg were used. Good production realised was 182 kgs.

Calculate Material variances.

**(20 marks)**

**Q.4 A)** From the following data calculate labour variances

The budgeted labour force for producing Product A is

20 semi skilled workers @0.75 ps per hour for 50 hours

10 skilled workers @ 1.25 per hour for 50 hours

The actual labour force employed for producing A is

22 semi skilled workers @ 0. 80 ps per hour for 50 hours

8 skilled workers @ Rs 1.20 per hour for 50 hours

**(10 marks)**

**B)** A firm can purchase a separate part from an outside source @ Rs 11 per unit. There is a proposal that the spare part be produced in the factory itself. For this purpose a machine costing Rs. 1,00,000 with annual capacity of 20,000 units and a life of 10 years will be required. A foreman with a monthly salary of Rs. 500 will have to be engaged. Materials required will be Rs. 4.00 per unit and wages Rs. 2.00 per unit Variable overheads are 150% of direct labour. The firm can easily raise funds @ 10% p.a. Advice the firm whether the proposal should be accepted.

**(10 marks)**



Q.5A) What do you understand by reporting to management? Explain the classification of reports. **(10 marks)**

B) Explain the factors that influence the management control in the business entity. **(10 marks)**

Q.6) Write short notes on the following (any 4) **(4 x 5= 20 marks)**

- 1) Profit planning decision
- 2) Uses of break even analysis
- 3) Performance Budgeting
- 4) Objectives of Transfer pricing.
- 5) Objectives of Marginal costing
- 6) Benefits of Balance Score card