

T.Y.B.com Semester V (CBCS) Ordinance
EXAMINATION OCTOBER 2019
Cost Accounting Major III : Techniques of Costing

[Duration : Two Hours]

[Total Marks :80]

Instructions:

- 1) Question No.1 is Compulsory.
- 2) Answer any Three question from Q.No. 2 to Q. No.6.
- 3) Figures to the right indicate maximum marks allotted.
- 4) All Questions carry equal marks.
- 5) Enter the appropriate main & sub-questions numbers in the answer-book.

Q.1 You are given the following data for the year ending 31st March, 2019 of the Alliba Company (20)

Direct Materials	Rs. 2,00,000
Direct Labour	Rs. 2,00,000
Variable Overhead	Rs. 2,00,000
Fixed Cost	Rs. 3,00,000
Net Profit	Rs. 1,00,000
Sales	Rs. 10,00,000

Calculate the following:

1. P/V Ratio.
2. Break Even Point in Sales Value.
3. Profit when sales amounted to Rs.15,00,000.
4. Margin of Safety.
5. Sales required to earn a net profit of Rs. 1,20,000 after the corporate Income Tax rate being 40%.

Q.2A. The following particular are extracted from the records of Shanni Company. (20)

Particular	Product A per unit	Product B per unit
Sales	Rs.100	Rs.120
Consumptions of Material	2 Kgs	3 Kgs
Material Cost	Rs. 10	Rs. 15
Direct Wages Cost	Rs. 15	Rs. 10
Direct Expenses	Rs. 5	Rs. 6
Machine Hours used	3 hours	2 hours
Overhead:		
Fixed	Rs.5	Rs.10
variable	Rs. 15	Rs. 20

Direct Wages per hour is Rs. 5.

Comments on the profitability of each product (both use the same materials) when

1. Total sales potential is limited.
2. Raw material is in short supply.
3. Production capacity (in terms of machine hours) is the limiting factor.

B. Assuming Raw material as the key factor available of which is 10,000 kg. and maximum sales potential of each product being 3,500 units. Find out the product mix which will yield the maximum profit.

Q.3 The standard material inputs required for 1,000 kg. of a finished product are given below. (20)

Materials	Qty.(in Kgs.)	Standard Rate perKg.(Rs.)
P	450	Rs. 20
Q	400	Rs. 40
R	250	Rs. 60
Total	1,100	
Less: Standard Loss	100	
Standard Output	1,000	

Actual Production in a period was 20,000 Kgs. of the finished product for which the actual quantities of materials used and the price paid thereof as under:

Material	Qty.Used (in Kgs.)	Actual Rate per Kg. (Rs.)
P	10,000	Rs. 19
Q	8,500	Rs.42
R	4,500	Rs.45

Calculate:

1. Material Cost Variance
2. Material Price Variance
3. Material Usage Variance
4. Material Mix Variance
5. Material Yield Variance

Q.4A) A 100 Skilled workmen, 40 Semi-Skilled workmen and 60 Unskilled workmen were to worked for 30 weeks to get a contract job completed. The standard weekly wages were Rs.60, Rs. 36 and Rs. 24 respectively.

The job were actually completed in 32 weeks by 80 Skilled workmen, 50 Semi-Skilled workmen and 70 Unskilled workmen who were paid Rs. 65, Rs.40 and Rs.20 respectively as weekly wages.

Find out:

1. Labour Cost Variance.
2. Labour Rate Variance.
3. Labour Efficiency Variance.

(10)

- (B) For the data given below relates to modern garments which produces and sold T-shirts during 2018-19. The opening stock of 500 T-shirts valued at Rs.1,00,000 including variable cost of Rs. 80 per T-shirt:

Production	5000 T-shirts
Sales @ Rs.300 per T-shirts	4000 T-shirts
Direct Material Cost	Rs. 2,00,000
Direct Labour Cost	Rs. 1,00,000
Factory Overheads:	
Variable	Rs.1,00,000
Fixed	Rs. 6,00,000

Closing stock is valued at current cost.

You are required to present income statement using:

- a) Absorption Costing
- b) Marginal Costing

Account briefly for the difference in net profit between the two income statements. (10)

Q.5A) Explain the different classification of reports. (10)

B) Explain the need of management Control System in a company. (10)

Q.6 Write Short notes on any four of the following: (4X5=20)

- a) Assumptions of Break Even Analysis.
- b) Application of Marginal costing in pricing decision.
- c) Merits of Standard Costing.
- d) Steps of Performance budgeting.
- e) Objectives of Marginal Costing.
- f) Significance of Variance Analysis