



2. The XYZ Ltd. produces product "p". The following standard materials cost for production of 1000 units product "p" :

Material – A 800 Kgs at Rs. 25 per Kg

Material – B 200 Kgs at Rs. 40 per Kg

Material – C 200 Kgs at Rs. 10 per Kg

During the month of March 2,00,000 units of a product were actually produced and actual consumption of materials was as follows :

Material – A 1,57,000 Kgs at Rs. 24 per Kg

Material – B 38,000 Kgs at Rs. 42 per Kg

Material – C 36,000 Kgs at Rs. 11 per Kg

Calculate :

20

- i) Material cost variance
 - ii) Material price variance
 - iii) Material usage variance
 - iv) Material Mix Variance
 - v) Material Yield Variance.
3. The following information is presented to you by XY Ltd. producing two products X and Y.

- 1) Products unit cost and selling price :

	Product X (per unit) Rs.	Product Y (per unit) Rs.
Direct material	200	180
Direct wages	60	40
Variable expenses	60	40
Selling price	400	300



2) Total Fixed cost Rs. 1,60,000.

3) Proposed sales Mixes :

Mix - I 1000 units of X and 2000 units of Y

Mix - II 1500 units of X and 1500 units of Y

Mix - III 2000 units of X and 1000 units of Y

Calculate :

20

a) The unit marginal cost and unit contribution.

b) The total contribution and resultant profit from each of above proposed sales mix.

c) The proposed sales mixes to earn a profit of Rs. 3,000 and Rs. 6,000 with the total sales of X and Y being 3,000 units.

4. A) Standard labour hours and standard rate for production of one unit of article XEE is given below :

	Per unit standard hours	Standard rate per hour
Grade A workers	5 hours	Rs. 15 per hour
Grade B workers	8 hours	Rs. 10 per hour

Actual production of article XEE during the period is 1000 units by using the following actual labour hours and actual rates :

	Actual hours	Actual rate per hour
Grade A workers	4500 hours	Rs. 20 per hour
Grade B workers	10000 hours	Rs. 9 per hour

Calculate :

10

a) Labour cost variance

b) Labour rate variance

c) Labour efficiency variance

d) Labour mix variance.



- B) Ultra Modern Ltd. had the following budgeted sales and actual sales for the month of March, 2017 :

Product	Budgeted		Actual	
	Units	Selling price (Rs.)	Units	Selling price (Rs.)
X	1100	50	1300	55
Y	950	100	1000	95
Z	1250	80	1200	78

Calculate following sale variances based on sales value :

- 10**
- i) Sales value variance
 - ii) Sales price variance
 - iii) Sales volume variance
 - iv) Sales mix variance.
5. A) What do you understand by the reporting to management ? Explain different types of report required to the management. **10**
- B) Why it is necessary to devise a scheme of transfer pricing when goods are transferred from one unit another under the same management ? Discuss the various methods of transfer pricing. **10**
6. Write short note on **any four** of the following : **(4×5=20)**
- a) Uses of Break-Even Analysis.
 - b) Causes for material usage variance.
 - c) Responsibility Centres.
 - d) Performance budgeting.
 - e) Advantages of standard costing.
 - f) Disadvantages of Marginal costing.