



B.Com. (Semester – VI) Examination, April/May 2019
Major 2 : COST AND MANAGEMENT ACCOUNTING
Techniques of Costing (New Course)

Duration : 2 Hours

Total Marks : 80

- Instructions :**
- 1) Question No. 1 is **compulsory**.
 - 2) Answer **any 3** questions from the rest.
 - 3) Give working notes **wherever** necessary.
 - 4) **All** questions carry **equal** marks.

1. Alpha Engineering Company's reported position for the year ending on 31st March, 2019 is as follows :

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Particulars	Amount in Rs.
Sales	2,00,000
Less : Variable overheads	1,50,000
Contribution	50,000
Less : Fixed overheads	15,000
Profit	35,000

Calculate :

- a) P/V ratio and B.E.P.
- b) Margin of safety at a sales of Rs. 3,50,000.
- c) Sales, at 40% P/V ratio, if the current profit is expected.
- d) Sales required to earn a net profit of Rs. 80,000 after tax assuming corporate income tax rate as 60%.
- e) New B.E.P. in value if there is an increase of Rs. 10,000 p.a. in the variable overheads.



2. ABC Ltd. engaged in producing a product "PC" provides the following information : **20**

Standard mix

60% of chemical X and

40% of chemical Y

Standard price of X is Rs. 5 per kg and Rs. 10 per kg for Y

Standard loss in production is 30%

Actual mix

80 kgs of X @ Rs. 4.50 per kg

70 kgs of Y @ Rs. 8.00 per kg

Actual yield 115 kgs of "PC"

Calculate :

- Material cost variance
 - Material price variance
 - Material quantity variance
 - Material mix variance
 - Material yield variance.
3. A company is able to produce 3 products X, Y and Z for the next period. **20**
Estimated details are as follows :

Particulars

Particulars	Products		
	X	Y	Z
	Amount	Amount	Amount
	Rs.	Rs.	Rs.
	Per unit	Per unit	Per unit
Selling price	300	400	360
Labour @ Rs. 20 per hour	40	140	100
Materials @ Rs. 10 per kg	180	100	120

Maximum demand : 5000 units each fixed cost Rs. 5,62,000 per period.

- A) Based on the above data state which of the products would be profitable to be manufactured.
- If sales in units is the limiting factor.
 - If labour is the limiting factor.
 - If materials is the limiting factor.
- B) Calculate the optimal product mix to be adopted if labour hours are limited to 50000 hours in a period and the profit that would be earned from this mix.



4. A) Following details are provided by XYZ Company Ltd. in relation to its labour force engaged on a job. 10

75 skilled workers @ Rs. 60 per hour for 30 hours.

60 unskilled workers @ Rs. 30 per hour for 30 hours.

The job was actually completed in 32 hours.

The actual labour cost was as follows :

70 skilled workers @ Rs. 70.00 per hour.

80 unskilled workers @ Rs. 20.00 per hour.

Calculate :

- a) Labour cost variance
- b) Labour rate variance
- c) Labour time variance
- d) Labour mix variance

- B) Following detail are available for the budgeted and actual sales of KL Manufacturing Company Ltd. 10

Product	Budgeted		Actual	
	Quantity (Units)	Rate (Rs.)	Quantity (Units)	Rate (Rs.)
X	3000	12	3200	13
Y	2000	18	1600	17

Calculate :

- a) Sales value variance
- b) Sales price variance
- c) Sales volume variance
- d) Sales quantity variance

5. A) What is management reporting ? Explain various types of management reports. 10

- B) What is Transfer Pricing ? Explain the methods of Transfer Pricing. 10

6. Write short notes on **any 4** from the following : (5×4=20)

- a) Overhead cost variance.
 - b) Responsibility centers.
 - c) Uses of Break - even analysis.
 - d) Procedure of standard costing.
 - e) Margin of safety.
 - f) Performance budgeting.
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