



**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 31<sup>st</sup> March, 2019 is as follows : 20

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 Rs. Per unit	Amount Rs. Per unit	Amount Rs. 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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