



B.Com. (Semester – VI) Examination, October/November 2017
Major – 2 : COST AND MANAGEMENT ACCOUNTING
Techniques of Costing – II (New Course)

Duration : 2 Hours

Total Marks : 80

- Instructions :** 1) Question No. 1 is **compulsory**.
2) Answer **any 3** questions from Q. No. 2 to Q. No. 6.
3) Give working notes **wherever** necessary.
4) **All** questions carry **equal** marks.
5) Figures to the **right** indicate marks allotted.

1. The following particulars are collected from the records of 'Sunlight Company' Ltd. for the year 2016 :

	Rs.	Rs.
Sales 15000 units at Rs. 75 per unit		11,25,000
Direct material consumed	4,50,000	
Direct labour charges	2,25,000	
Variable overheads	1,12,500	
Fixed overheads	<u>1,12,500</u>	<u>9,00,000</u>
Net profit		2,25,000

Calculate :

- Break even point in units and sales value and P/v ratio.
 - Number of units required to sales to earn a profit of Rs. 90,000
 - Sales needed to earn a profit of 10% on sale
 - Extra units which should be sold to obtained the present profit if it is proposed to reduce the selling price by 15%
 - Selling price to be fixed to bring down its Break Even Point to 3000 units under present condition.
 - Margin of safety at a profit of Rs. 1,20,000.
2. The data is collected from records of Sanjay Enterprises. The following is the standard materials requirement to produce 100 units a product XEE :
- Material – X 60 Kgs at Rs. 50 per Kg
Material – Y 40 Kgs at Rs. 70 per Kg

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P.T.O.



During the month of April 1000 units of a product were actually produced and actual consumption of materials was as follows :

Material – X 620 Kgs at Rs. 57.50 per Kg

Material – Y 420 Kgs at Rs. 65 per Kg

Calculate :

- i) Material cost variance
- ii) Material price variance
- iii) Material usage variance
- iv) Material mix variance
- v) Material yield variance.

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3. The following particulars are taken from the records of Mahamaya Company Ltd. engaged in manufacturing two products, A and B, from certain material :

Particulars	Product – A	Product – B
	Per Unit	Per Unit
	(Rs.)	(Rs.)
Selling price	4,000	10,000
Direct material @ Rs. 50 per Kg	1,250	2,500
Direct wages @ Rs. 30 per hour	1,500	3,000
Variable overheads	250	1,000

Total fixed overheads are Rs. 25,00,000.

- a) Comment on the profitability of each product (both use the same raw material and labour time).

When :

- a) Total sales potential in units is limited.
 - b) Total sales potential in sales value is limited.
 - c) Raw materials are in short supply.
 - d) Labour hours are limited.
- b) Assuming direct labour hours as the key factor and total availability of labour hours is only 120000 hours, and maximum sales potentials of each product being 1000 units, find out the product mix which will yield the maximum profit. Also determine the profit from the selected sales mix.

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4. A) A group of 10 skilled and 20 unskilled workers was expected to produce 400 units of a product in an 8 hours day. The standard hourly wage rate was fixed at Rs. 25 and Rs. 15 respectively.

Actually, a group of 15 skilled and 10 unskilled workers was deployed and paid for 8 hours day at an hourly wage rate of Rs. 22 and Rs. 18 respectively. Two hours were wasted for the entire group due to power failure and only 300 units of a product were produced.

Calculate :

- a) Labour cost variance
- b) Labour rate variance
- c) Total labour efficiency variance
- d) Idle time variance.

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- B) The budgeted and actual sales for a period in respect of three products are given below :

Budget sales figure :

Product	Budgeted sale (in units)	Budgeted selling price per unit
X	2000	Rs. 5
Y	1500	Rs. 10
Z	1000	Rs. 15

Actual sales figures :

Product	Actual sale (in units)	Actual selling price per unit
X	2400	Rs. 6
Y	1400	Rs. 9
Z	1200	Rs. 14

Calculate :

- i) Sales value variance
- ii) Sales volume variance
- iii) Sales price variance
- iv) Sales mix variance.

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5. A) "Reporting is an essential means for cost control". In this context explain objectives and forms of managerial reporting.

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- B) Explain the concept of responsibility accounting. State its benefits and discuss the major difficulties encountered in introducing system of responsibility accounting.

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6. Write short note on **any four** of the following :

(4×5=20)

- a) Profit planning and marginal costing
 - b) Objectives of Transfer Pricing
 - c) Ways for improving margin of safety
 - d) Types of overhead variances
 - e) Causes for labour efficiency variance
 - f) Essentials of good report.
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