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**T.Y.B.Com Semester VI (Repeat) / One Time Opportunity**
**EXAMINATION November 2019**
**Cost & Management Accounting Major 2 : Techniques of Costing**

**[Duration : Two Hours]** **[Total Marks :80]**

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

Q.1 A retail dealer in garments is selling 24000 shirts annually. He supplies the following details for the year ended 31st December 2018. **(20 marks)**

Selling price per shirt Rs.400
Variable cost per shirt Rs.250
Fixed cost:-
Staff salaries for the year Rs. 12,00,000
General office cost for the year Rs.8,00,000
Advertising cost for the year Rs.4,00,000
As a Cost Accountant, you are required to calculate the following
i) Breakeven point (in number of shirts and in rupees value) and margin of safety
ii) Assume that 20,000 shirts were sold in a year, find out the net profit of the firm.
iii) Assuming for the year 2019, an additional staff salary of Rs.3,30,000 is anticipated & price of the shirt is likely to be increased by 15%, what should be the breakeven point in number of shirts and sales revenue.
iv)If it is decided to introduce a selling commission of Rs.30 per shirt, how many shirts would require to be sold in a year to earn a profit of Rs.1,50,000

Q.2 The standard cost of certain chemical mixture is: **(20 marks)**
35% of material A at Rs. 25 per kg
65% of material B at Rs. 36 per kg
A standard loss of 5% is expected in production during a period, there is usage of
125 kgs. Of material 'A' at Rs. 27 per kg
275 kgs. Of material 'B' at Rs. 34 per kg
The actual output was 365 kgs.
Calculate: (a) material cost variance (b) material price variance (c) material usage variance (d) material mix variance (e) material yield variance

Q.3 The following particular are extracted from the records of a company. **(20 marks)**

| | Product 'A' per unit | Product 'B' per unit |
|---|---|---|
| Sales | Rs. 1000 | Rs.1200 |
| Consumption of materials | 2 kg | 3 kg |
| Material cost | Rs.100 | Rs.150 |
| Direct wages cost | Rs.150 | Rs.100 |



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| | | |
|---|---|---|
| Direct expenses | Rs.50 | Rs.60 |
| Machine hours used | 3 | 2 |
| Overhead expense: Fixed | Rs.50 | Rs.100 |
| variable | Rs.150 | Rs.200 |

Direct wages per hour Rs.50.

Comment on the profitability of each product (both use the same raw material) when

i) Total sales potential in units & value is limited

ii) Raw material is in short supply

iii) Production capacity (in terms of machine hours) is the limiting factor,

iv) Assuming Raw material is the key factor, availability of which is 10000 kg and maximum sales potential for each product being 3500 units, find out the product mix which will yield the maximum profit

Q.4 a) From the data given below, calculate labour cost variance labour rate variance and Labour efficiency Labour mix variance for each of the two departments. **(10 marks)**

| **Particulars** | **Department 'A'** | **Department 'B'** |
|---|---|---|
| Actual gross wages (Direct) | Rs.2,00,000 | Rs.1,80,000 |
| Standard hours produced | 8,000 | 6000 |
| Standard rate per hour (Rs.) | 30 | 35 |
| Actual hours worked | 8200 | 5800 |

b) PH Ltd furnishes the following information relating to budgeted sales and Actual sales for April. **(10 marks)**

| Product | Sales quantity (units) | Selling price per unit (Rs.) |
|---|---|---|
| Budgeted sales A | 1200 | 15 |
| B | 800 | 20 |
| Actual sales A | 880 | 18 |
| B | 880 | 20 |

Calculate the i) Total sales Variance ii) Sales price Variance iii) Sales mix variance iv) Sales Quantity Variance

Q.5 a) What is management reporting? Explain the general principles of reporting. **(10 marks)**

b) What is Responsibility Accounting? Explain the various types of responsibility centres. **(10 marks)**

Q.6 Write short notes on <u>any four</u> of the following. **(4x5=20)**

a) Methods of determining transfer price

b) Performance Budgeting

c) Types of Reports

d) Overhead variance

e) Application of marginal costing

f) Advantages of standard costing.