



B.Com. (Semester – VI) (Repeat) Examination, October 2016
(New Course)

COST AND MANAGEMENT ACCOUNTING MAJOR – II
Techniques of Costing

Duration : 2 Hours

Max. Marks : 80

Instructions : a) Q. No. 1 is **compulsory**. Answer **any three** questions from the remaining.

b) Figures to the **right** indicate **full** marks.

1. Summarised figures from a manufacturer's budget are as follows :

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| | Quantity (Units) | Unit Price (Rs.) | Total (Rs.) |
|--------------------|------------------|------------------|-------------|
| Sales | 17,500 | 180 | 31,50,000 |
| Marginal Cost : | | | |
| Materials | | 50 | 8,75,000 |
| Wages | | 45 | 7,87,000 |
| Variable overheads | | 36 | 6,30,000 |
| | | 131 | 22,92,500 |

Fixed costs are Rs. 5,00,000

You are required to calculate:

- Contribution per unit and total contribution.
- The Profit Volume Ratio.
- Break-even point in units and in volume.
- Margin of safety in units and in Rs.
- The effect on profit of making and selling a further 2500 units.
- Sales required to earn a profit of Rs. 5,88,800.



2. The Standard Cost of a certain Chemical Mixture is as follows:

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40% Material 'A' at Rs. 200 per tonne.

60% Material 'B' at Rs. 300 per tonne.

A standard loss of 10% is expected in production.

During a period 182 tonnes of chemicals are produced from the following mixtures :

90 tonnes of Material 'A' at Rs. 180 per tonne.

110 tonnes of Material 'B' at Rs. 340 per tonne.

Calculate :

- Material Cost Variance
- Material Usage Variance
- Material Mix Variance
- Material Yield Variance
- Material Price Variance.

3. The following Production/Sales mix is capable of achievement in a factory.

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i) 2000 units of product 'A' and 2000 units of product 'C'.

ii) 4000 units of product 'B'.

iii) 1000 units of product 'A', 2000 units of product 'B' and 1600 units of product 'C'.

iv) 1500 units of 'A' and 3000 units of 'C'.

Cost per unit is as follows :

| | 'A' | 'B' | 'C' |
|------------------|--------|--------|--------|
| Direct materials | Rs. 20 | Rs. 16 | Rs. 40 |
| Direct wages | Rs. 8 | Rs. 10 | Rs. 20 |

Fixed cost is Rs. 20,000 and variable overheads per unit of 'A', 'B' and 'C' are Rs. 2, Rs. 4 and Rs. 8 respectively. Selling Prices of 'A', 'B' and 'C' are Rs. 36, Rs. 40 and Rs. 100 per unit respectively. Determine the marginal contribution per unit of 'A', 'B' and 'C' and the profits resulting from product mixes (i), (ii) and (iii).



4. a) The Standard cost of a product is : 10
10 hours per unit at Rs. 5 per hour
The actual data is :
Production 1000 units
Hours taken :
Production 10400
Idle time 400
Total time 10800 hours
Payments made Rs. 56,160 at Rs. 5.20 per hour.
Calculate :
a) Labour cost variance
b) Labour efficiency variance
c) Labour rate variance
d) Idle time variance.
- b) "Standard costing is a valuable aid to management". Discuss. 10
5. a) Explain briefly five specific decision making areas where the principles of marginal costing could be applied. 10
b) Explain the essentials of good management report. 10
6. Write short notes on (any five): (5×4=20)
a) Performance Budgeting
b) Overhead Variance
c) Transfer price
d) Angle of incidence
e) 'Limiting factor' in marginal costing
f) Responsibility centers.