B.Com. (Semester – VI) Examination, April 2016
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 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** alloted.*

1. The following data is obtained from the books of XYZ Ltd. 20

Particulars	**Rs.**
Selling Price	50 per unit
Variable manufacturing cost	27.50 per unit
Variable selling cost	7.50 per unit
Fixed factory overheads	10,00,000
Fixed administrative overheads	3,50,000
Fixed selling costs	6,30,000

Calculate :

a) P/V Ratio and Break-even point in number of units and in sales value.
b) Number of units that must be sold to earn a profit of Rs. 1,50,000.
c) Margin of safety when the profit earn is Rs. 1,20,000.
d) Profit or loss on the sales of Rs. 75,00,000.
e) How many units must be sold to earn a net profit of 10% on sale ?

2. The standard material cost for 1000 kg of chemical 'AC' is made up of : 20

Chemical 'X'	300 kg @ Rs. 20 per kg
Chemical 'Y'	400 kg @ Rs. 25 per kg
Chemical 'Z'	800 kg @ Rs. 30 per kg

In month of April 5000 kg of chemical 'AC' was produced from the actual usage of :

Chemical 'X'	1400 kg @ Rs. 23 per kg
Chemical 'Y'	2175 kg @ Rs. 27 per kg
Chemical 'Z'	4300 kg @ Rs. 27.50 per kg

Calculate the following variances :

a) Material cost variance
b) Material price variance
c) Material usage variance
d) Material mix variance
e) Material yield variance.

3. The following particulars are extracted from the records of Sachitanad Company Ltd. 20

Particulars	Product-XE Per Unit (Rs.)	Product-YE Per Unit (Rs.)
Selling price	1200	1400
Direct material @ Rs. 10 per kg	280	580
Direct wages @ Rs. 5 per hour	180	140
Variable overheads	200	180
Direct expenses	60	80

Total fixed overheads are Rs. 24,00,000.

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 material as the key factor, availability of which is only 274400 kg and maximum sales potentials of each product being 4000 units, find out the product mix which will yield the maximum profit. Also determine the profit from the selected sales mix.

4. A) Standard labour cost of producing 120 units of a product is 90 hours work by skilled workers at a standard rate of Rs. 60 per hour and 270 hours work by unskilled workers at a standard rate of Rs. 20 per hour. During the month of March 120 units of the product were produced for which skilled workers were paid for 60 hours at Rs. 55 per hour and unskilled workers were paid for 390 hours at Rs. 24 per hour. Due to machine break-down both skilled and unskilled workers lost 27 hours each. They were paid even for this time. 10

Calculate :

a) Labour cost variance

b) Labour rate variance

c) Total labour efficiency variance

d) Idle time variance

B) Greenfield Co. Ltd. provides the following data for the month of March, 2016 : **10**

Budget :

Product	**Budgeted sale (in units)**	**Budgeted selling price per unit**
A	2160	Rs. 12
B	1440	Rs. 5

Actual :

Product	**Actual sale (in units)**	**Actual selling price per unit**
A	2240	Rs. 11
B	960	Rs. 6

Calculate :

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

5. A) What is management reporting ? Explain the general principles of report. **10**

B) What is responsibility centre ? Explain the various types of responsibility centres. **10**

6. Write short note on **any four** of the following : **(4×5=20)**

a) Objectives of performance budgeting
b) Essential features/ingredients of responsibility accounting
c) Managerial application of marginal costing
d) Methods of determining transfer prices
e) Different ways of improving profit-volume ratio
f) Overhead variances.

____