

Total No. of Printed Pages:3

T.Y. B.Com. (CBCS) (Semester-V)
EXAMINATION NOVEMBER 2022
Cost Accounting Major III
Techniques of Costing

[Duration : 2 Hours]

[Total Marks :80]

Instructions :

- 1) Question No. 1 is Compulsory
- 2) Answer any Three question from Q. No. 2 to Q. No. 6.
- 3) Figures to the right indicate maximum marks allotted.
- 4) All Questions carry equal marks.
- 5) Enter the appropriate main & sub-question numbers in the answer-book.

1. You are given the following information in a respect of Billon Company.

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Particular	Amount (Rs.)	Amount (Rs.)
Net Sales		50,000
Less: Variable Cost	28,000	
Less: Fixed Cost	<u>14,000</u>	<u>42,000</u>
Net Profit		8,000

Find:

1. P/V Ratio.
2. BEP in Value.
3. Profit when sales are of Rs. 75,000.
4. Sales required to earn a profit of Rs. 98,000.
5. Margin of safety when profit of Rs. 10,000.

2. The Standard mix of Product A2 is as follows:

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Kgs	Materials	Rate per Kg(Rs.)
3,600	X	Rs. 6
2,000	Y	Rs. 4.50
2,400	Z	Rs. 9.50

The standard loss in production is 10% of Input and there is no scrap value.
 Actual production for a month was 7,425 kgs. of A2 product. Actual composition and purchases of material during the March month were:

Kgs	Materials	Rate per Kg(Rs.)
4,200	X	Rs. 6.50
1,700	Y	Rs. 4.25
2,600	Z	Rs. 9.75

You are required to calculate the following variance for presentation to the management.

1. Material Cost Variance
2. Material Price Variance
3. Material Usage Variance
4. Material Mix Variance
5. Material Yield Variance

3. Following information has been made available from the cost records of an Amool Company, manufacturing spare parts.

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Particular	Amount (Rs.)
<u>Direct Material</u>	
X	Rs. 8
Y	Rs. 6
<u>Direct Labour</u>	
X	24 Hours @0.25 paise/hr.
Y	16 Hours @ 0.25 paise/hr.
Variable Overhead	150% of Wages
Fixed Cost	Rs. 750
<u>Selling Price</u>	
X	Rs. 25
Y	Rs. 20

The directors want to be acquainted with the desirability of adapting any one of the following alternatives Sales Mixes in the budget for the next period:

- a) 250 units of Product X and 250 units of Product Y.
- b) 400 units of Product Y.
- c) 400 units of Product X and 100 units of Product Y.
- d) 150 units of Product X and 350 units of Product Y.

State which of the alternative Sales mixes you would recommend to the management.

4. A) From the following data of Saurab Ltd. prepare income statement under (a) Absorption Costing and (b) Marginal Costing. Explain briefly for the difference in profits between the two income statements.

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Opening Stock	10,000 Units (valued at Marginal Cost Rs. 61,900 and Total Cost Rs. 72,000)
Units produced	60,000 Units
Closing Stock	4,000 Units
Units Sold	66,000 Units
Variable Cost	Rs. 3,57,000
Factory Overhead (Fixed)	Rs. 70,200
Selling Cost:	
Variable	Rs. 3,40,000
Fixed	Rs. 50,000
Selling Price per unit	Rs. 20

- B) Standard Labour cost of producing 40 units of a product.

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Workers	Hours	Rate (Rs.) per hour
Skilled	30 Hours	Rs. 60 per hour
Unskilled	90 Hours	Rs. 20 per hour

In Actual 40 units of product were produced for which Skilled workers were paid for 20 hours at Rs.55 per hour and unskilled workers were paid for 130 hours at Rs. 24 per hour.

Due to a machine break-down both Skilled and Unskilled workers lost 9 hours each. They were paid even for this time. Calculate

1. Labour Cost Variance
2. Labour Rate Variance
3. Labour Efficiency Variance
4. Idle Time Variance

5. A) Explain any 10 general principles of Reporting. 10
B) What is Transfer pricing and different methods of Transfer pricing? 10

6. Write Short notes on **any four** of the following (4 X5=20)
- a) Assumptions of Break-Even Analysis.
 - b) Application of Profit planning in Marginal Costing.
 - c) Standard Costing V/s Estimated Costing.
 - d) Benefits of Balance Score card.
 - e) Objectives of Marginal Costing.
 - f) Variable Overhead Variance.