

Total No. of Printed Pages:3

T.Y.B.com Semester V (CBCS) Ordinance

EXAMINATION APRIL 2024

Cost Accounting Major III : Techniques of Costing

[Time: 2:00 Hours]

[Max. Marks: 80]

Instructions: 1) Question No.1 is Compulsory.

2) Answer any Three questions 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-questions numbers in the answer book.

Q1 The following sales and profit of Britannia Co Ltd., are given for the year ended 31/3/2022 and 31/3/2023

20

Year ended	Sales (Rs)	Profit (Rs)
31/3/2022	7,20,000	96,000
31/3/2023	8,16,000	1,20,000

Calculate:

- Profit volume ratio
- Fixed cost
- Break-even point (in Rupees)
- Sales required to earn a profit of Rs 1,44,000
- Margin of safety at a profit of Rs 2,88,000
- The profit made, when sales are Rs 12,00,000

Q2 The following particulars are extracted from the records of Cadbury Co Pvt., Ltd manufacturing two products namely, A and B for the year ended 31/3/2023.

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Particulars	Product A (per unit) ₹	Product B (per unit) ₹
Selling price	100	200
Direct material @ Rs 10 per kg	20	50
Direct wages	30	60
Variable overhead	10	20
Consumption of raw material	2Kgs	5Kgs

Find out the product mix of products A and B which will yield the maximum profit, assuming raw material as the key factor (Both use the same raw material), availability is 4,000 kg and maximum sales potential of each product being 1000 units.

- i. Statement of Marginal Cost and Contribution for the year ended 31/3/2023
- ii. Determination of Profitable product mix when Raw material is Key factor

- Q3** The standard cost of a chemical mixture is as under of Crompton Greaves Ltd for the year ended 31/3/2023. 20
- i. 40% Material C @ Rs 50 per kg
 - ii. 60% Material D @ Rs 30 per kg

A standard loss expected in production is 10% of input.

The actual cost record for a period showed the following usage:

- i. 150 kg Material C @ Rs 55 per kg
- ii. 250 kg Material D @ Rs 28 per kg

Actual quantity of output produced was 365 kg

Calculate:

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

- Q4** A. The standard labour cost to manufacture one unit of product 'P' in Ceat Ltd. is as follows. 10
- i. Skilled workers = 5 hours @ Rs 50 per hour
 - ii. Unskilled workers = 2 hours @ Rs 20 per hour

Actual labour cost data extracted from cost records of the company for the month of January, 2023 were:

- a) Actual units manufactured were 100 units of product 'P'
- b) Details of workers employed:
 - i. Skilled workers = 520 hours @Rs 50 per hour
 - ii. Unskilled workers = 210 hours @ Rs 18 per hour

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Calculate:

- Labour cost variance
- Labour efficiency variance
- Labour Rate variance

- B. Following data relates to Pressman Toy Co. Ltd. which makes and sells toys for the year ended 31/3/2023. 10

Production	1,00,000 units
Sales	80,000 units
Selling price/unit	Rs 15
	Rs
Direct materials	2,50,000
Direct labour	3,00,000
Factory overheads:	
Variable	1,00,000
Fixed	2,50,000
Selling and distribution overheads:	
Variable	1,00,000
Fixed	2,00,000

You are required to present income statements using (a) Absorption costing and (b) Marginal costing. Account briefly for the difference in net profit between the two income statements.

- Q5 A. Which are the Five Techniques of Management Control System? 10

- B. Explain the Principles of Good Reporting System 10

- Q6 Write short notes on any FOUR of the following: (4 x 5 = 20)

- Advantages of Marginal Costing (Any five points).
- Significance of Variance Analysis (Any five points).
- Any Two Applications of Marginal Costing.
- Uses of Break-even point (Any five points).
- Explain any four Benefits of Standard Costing.
- Factors Affecting Transfer Pricing.