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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 31<sup>st</sup> 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

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

- Total sales potential in units & value is limited
- Raw material is in short supply
- Production capacity (in terms of machine hours) is the limiting factor,
- 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 any four of the following. **(4x5=20)**

- Methods of determining transfer price
- Performance Budgeting
- Types of Reports
- Overhead variance
- Application of marginal costing
- Advantages of standard costing.