RN – 17

B.Com. (Semester – VI) Examination, April 2012
COST AND MANAGEMENT ACCOUNTING
(Methods and Techniques of Costing – II) (Major – II)

Duration : 2 Hours Total Marks : 80

Instructions : *1) Question No. 1 is* ***compulsory.***
2) Answer ***any three*** *from Q. No.* ***2*** *to No.* ***6.***
3) ***All*** *questions carry* ***equal*** *marks.*
4) Give working notes ***wherever*** *necessary.*

1. The price and cost structure of a product of a company are as follows :

   Selling price : Rs. 10 per unit

   Variable cost : Rs. 6 per unit

   Fixed cost :

   Manufacturing : Rs. 75,000 p.a

   Administrative : Rs. 12,000 p.a

   Selling : Rs. 13,000 p.a

   Find out :

   a) Break-even point in quantity and value.
   b) Margin of safety sales at a profit of Rs. 80,000.
   c) Sales required to earn a profit of Rs. 2,00,000.
   d) Variable cost at a sales of Rs. 5,00,000.
   e) Required sales to earn a profit of Rs. 2,00,000, if the selling price per unit is reduced to Rs. 8 per unit from its present price of Rs. 10 per unit. 20

2. The standard cost of a chemical mixture is as under :

   30% Material C @ Rs. 50 per kg.

   70% Material D @ Rs. 30 per kg.

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

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

   150 kg. Material C @ Rs. 55 per kg. 250 kg. Material D @ Rs. 28 per kg. The actual quantity produced was 365 kg. (output)

P.T.O.

Calculate :

i) Material cost variance

ii) Material price variance

iii) Material usage variance

iv) Material mix variance

v) Material yield variance. 20

3. a) The following particulars are extracted from the records of a company manufacturing two products A and B. 10

Particulars	Product 'A' (Per Unit) Rs.	Product 'B' (Per Unit) Rs.
Selling price	100	200
Material cost (Rs. 10 per kg.)	20	50
Direct wages	30	60
Variable overhead	10	20
Consumption of raw-material	2kg.	5kg.

Find out the product milk 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 of which is 4000 kg. and maximum sales potential of each type being 1000 units.

b) What are the general principles of Management reporting ? 10

4. a) Using the following information, calculate labour variances. 10

Standard time for a job : 50 hours.

Standard wage rate : Rs. 100 per hour

Actual wage rate : Rs. 90 per hour

Actual time taken : 65 hours (including idle time 20 hours)

Find out :

i) Labour cost variance

ii) Labour efficiency variance

iii) Labour rate variance

iv) Idle time variance.

b) What are the requisites for installation of a uniform costing system ? 10

5. a) What is standard costing ? Outline the objectives of standard costing. 10

   b) State the advantages and disadvantages of Marginal costing. 10

6. Explain **any four** of the following : 20

   a) Responsibility accounting

   b) Need for inter firm comparison

   c) Over head variance

   d) Transfer pricing methods

   e) Limitations of uniform costing

   f) Contribution.
