SK – 11

B.Com. (Semester – VI) Examination, April 2018
Major – 2 : COST AND MANAGEMENT ACCOUNTING
Techniques of Costing – II (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.

1. The following figures relate to a company manufacturing a varied range of products :

Year ended	Total sales (₹)	Total cost (₹)
31-12-2016	22,23,000	19,83,600
31-12-2017	24,51,000	21,43,200

Assuming stability in prices with variable cost carefully controlled to reflect predetermined relationship with unvarying figure for fixed cost, calculate

a) The P/v ratio

b) Fixed cost

c) BEP

d) Margin of safety for both years

e) Sales to earn a desired profit of ₹ 3,83,000.   **20**

2. The standard material cost for a normal mix of one tonne of chemical 'X' is based on :

Chemical	:	A	B	C
Usage (kg)	:	240	400	640
Price per kg (₹)	:	6	12	10

During the month 6.25 tonnes of X were produced from :

Chemical	:	A	B	C
Consumption (tonnes)	:	1.6	2.4	4.5
Cost(₹)	:	11,200	30,000	47,250

Calculate all material variances.   **20**

P.T.O.

3. A company running an orchard, with an adequate supply of labour, presents the following data and request you to advice about the area to be allotted for the cultivation of various types of fruits which would result in maximisation of profits. The company contemplates growing apples, lemons oranges and peaches.

	Apples	Lemons	Oranges	Peaches
Selling price per box in (₹)	15	15	30	45
Season's yield in boxes per acre	500	150	100	200
Cost :	₹	₹	₹	₹
Material per acre	270	105	90	150
Labour : Growing per acre	300	225	150	195
Picking and packing per box	1.5	1.5	3	4.5
Transport per box	3	3	1.5	4.5

The fixed cost in each season would be :

	₹
Cultivating	56,000
Picking	42,000
Transport	10,000
Administration	84,000
Land revenue	18,000

The following limitations are also placed before you :

a) The area available is 450 acres, but out of these 300 acres are suitable for growing only oranges and lemons. The balance 150 acres is suitable for growing any of the four fruits viz, apples, lemons, oranges and peaches.

b) The marketing strategy of the company requires the compulsory production of all four types of fruits in a season and the minimum quantity of any one type to be 18000 boxes.

Calculate the total profit that would accrue, if your advice is accepted.   20

4. a) The following particulars are available in respect of the working of a company for a particular period :

Product	Budgeted sales			Actual sales		
	Quantity (units)	Price (Rs.)	Amount (Rs.)	Quantity (units)	Price (Rs.)	Amount (Rs.)
A	1000	2	2,000	1800	2.50	4,500
B	3000	3	9,000	4200	2.75	11,550
	4000		11,000	6000		16,050

You are required to calculate :

i) Total sales price variance

ii) Total sales volume variance

iii) Sales mix variance and

iv) Sales quantity variance.   10

b) You are given the following information relating to the labour cost of a manufacturing concern.

Standard

Number in standard Gang   :   Skilled 40   Unskilled 20

Standard wage rate per hour   :   Rs. 180   Rs. 160

Standard output per Gang hour :   100 units

Actuals

Number in actual Gang   :   Skilled 32   Unskilled 35

Actual wage rate per hour   :   Rs. 200   Rs. 100

Actual Gang hours paid for   :   60

Actual output   :   4800 units

Abnormal idle time   :   1 Gang hour

Compute the following labour variance
a) Labour cost variance
b) Labour rate variance
c) Labour efficiency variance
d) Idle time variance.   10

5. a) What is transfer pricing ? Discuss the various approaches to transfer pricing. 10

   b) What is management reporting ? Explain the general principles of reporting. 10

6. Write short notes on the following **(any four)** : 20

   a) Responsibility accounting

   b) Advantages of standard costing

   c) Overhead variances

   d) Types of reports

   e) Uses of P/v ratio

   f) Reasons for labour efficiency variance.

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