**Goa Vidyaprasarak Mandal's**
**GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS, PONDA – GOA**
**B.COM. (SEMESTER - VI) EXAMINATION (Old Course), FEBRUARY 2021**
**COST & MANAGEMENT ACCOUNTING**
**MAJOR 2 : TECHNIQUES OF COSTING**

**Duration : 2 hours** **Marks : 80**

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Instructions: 1) Question No.1 is compulsory
2) Answer any three questions from remaining.
3) Figures to the right indicate maximum marks.

**Q I)** Summarised figures from a manufacturers budget are as follows:

| | **Quantity units** | **Unit Price (`)** | **Total (`)** |
|---|---|---|---|
| Sales | 17500 | 180 | 31,50,000 |
| Marginal Cost Materials | | 50 | 8,75,000 |
| Wages | | 45 | 7,87,000 |
| Variable OH | | 36 | 6,30,000 |
| | | 131 | 22,92,000 |

Fixed Costs are ` 5,00,000.
You are required to calculate:

a) Contribution per unit and total contribution.
b) The Profit Volume Ratio.
c) Break Even Point in units and in value.
d) Margin of safety in units and in rupees.
e) The effect on profit of making and selling a further 2500 units.
f) Sales required to earn a profit of ` 5,88,800. **(20)**

**Q II)** ABC Ltd engaged in producing Product P, provides the following information.

Standard Mix
60% of Chemical X and
40% of Chemical Y
Standard price of Chemical X is ` 5/- per kg and that of Chemical Y is `10/- per kg.

Actual Mix
80 Kgs of Chemical X @ ` 4.50 per kg
70 Kgs of Chemical Y @ ` 8.00 per kg
Actual Yield is 115 Kgs of Product P

Calculate:

a) Material Cost Variance.
b) Material Price Variance.
c) Material Quantity Variance.
d) Material Mix Variance.
e) Material Yield Variance. **(20)**

Q III) A company is able to produce 3 products A, B & C for the next period. Estimated details are as follows:

| Particulars | Products | | |
|---|---|---|---|
| | A | B | C |
| | Amount (`) per unit | Amount (`) per unit | Amount (`) per unit |
| Selling Price | 300 | 400 | 360 |
| Labour @ ` 20 per hour | 40 | 140 | 100 |
| Materials @ ` 10 per Kg | 180 | 100 | 120 |

Maximum demand: 5000 units each.
Fixed Cost ` 5,62,000 per period.

A. Based on the above data, state which of the products would be profitable to manufacture.
   a) If sales in units is the limiting factor.
   b) If labour is the limiting factor.
   c) If materials is the limiting factor.
B. Calculate the optimum product mix to be adopted if labour hours are limited to 50,000 hours in a period and also calculate the profit that would be earned from this mix. **(20)**

**Q IV A)** The following particulars are available in respect of a company for a particular period.

| **Product** | **Budgeted Sales** | | | **Actual Sales** | | |
|---|---|---|---|---|---|---|
| | Qty (Units) | Price (`) | Amount (`) | Qty (Units) | Price (`) | Amount (`) |
| A | 1000 | 2.00 | 2000 | 1800 | 2.50 | 4500 |
| B | 3000 | 3.00 | 9000 | 4200 | 2.75 | 11550 |
| | 4000 | | 11000 | 6000 | | 16050 |

You are required to calculate: -

1. Total Sales Price Variance.
2. Total Sales Volume Variance.
3. Sales Mix Variance.
4. Sales Quantity Variance. **(10)**

**Q IV B)** The following details are provided by Nova Ltd in relation to its labour force engaged on a job.

75 Skilled Workers @ ` 60/- per hour for 30 hours.
60 Unskilled Workers @ ` 30/- per hour for 30 hours.
The job was actually completed in 32 hours.

The actual labour cost was as follows
70 Skilled Workers @ ` 70/- per hour.
80 Unskilled Workers @ ` 20/- per hour.

Calculate: -

a) Labour Cost Variance.
b) Labour Rate Variance.

c) Labour Time Variance.
d) Labour Mix Variance. **(10)**



**Q V A)** What is transfer pricing? Explain the methods of transfer pricing. **(10)**

**Q V B)** What is management reporting? Explain the general principles of reporting. **(10)**

**Q VI)** Write short notes on (Any four). **(5 x 4= 20)**

a) Sales Variance
b) Uses of P/V ratio.
c) Overhead variance.
d) Responsibility Accounting.
e) Marginal costing.
f) Key factors in Marginal costing.

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