

**Goa Vidyaprasarak Mandal's**  
**GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND**  
**ECONOMICS, PONDA – GOA**  
**B.COM. CBCS (SEMESTER - V) EXAMINATION, JANUARY 2021**  
**TECHNIQUES OF COSTING – DSE 3**

**Duration : 2 hours**

**Marks : 80**

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

**Q I)** The following figures relate to a company manufacturing a product.

Year Ended	Total Sales ( )	Total Profit ( )
31-03-2019	22,23,000	2,39,400
31-03-2020	24,51,000	3,07,800

Calculate:

- 1) Profit Volume Ratio
- 2) Fixed Cost
- 3) BEP for the year
- 4) Margin of safety for both the years.
- 5) Sales desired to earn a profit of ` 3,83,000/-. (20)

**Q II)** National Ltd produces product P. The following standard material cost for production of 1000 units of Product P are as under:

- Material A 800 kgs at ` 25/- per kg.  
Material B 200 kgs at ` 40/- per kg.  
Material C 200 kgs at ` 10/- per kg.

During the month March, 1000 units of the product were actually produced for which actual material used and its prices were as under:

- Material A 785 kgs at ` 24/- per kg.  
Material B 190 kgs at ` 42/- per kg.  
Material C 180 kgs at ` 11/- per kg.

Calculate:

- 1) Material Cost Variance,
- 2) Material Price Variance,
- 3) Material Quantity Variance,
- 4) Material Mix Variance,
- 5) Material Yield Variance. (20)

**Q III)** The details regarding the composition and the weekly wage rates of labour force engaged on a job scheduled to be completed in 30 weeks are as follows: -

Category of Workers	No. of Labourers	Weekly wage rate per labourer
Skilled	75	3000
Semiskilled	45	2400
Unskilled	60	1800

**P.T.O.**

The actual work is completed in 32 weeks with the following labour force:

Category of Workers	No. of Labourers	Weekly wage rate per labourer
Skilled	70	3200
Semiskilled	30	2200
Unskilled	80	2000

Calculate:

- 1) Labour Cost Variance,
- 2) Labour Rate of Pay Variance,
- 3) Labour Efficiency Variance,
- 4) Labour Mix Variance,
- 5) Labour Yield Variance. (20)

**Q IV)** You are required to present the following information to the management:

- a) Marginal Cost & Contribution per unit
- b) Contribution and profit resulting from each of the following sales mixtures:
  - i. 1000 units of Product A and 2000 units of Product B.
  - ii. 1500 units of Product A and 1500 units of Product B.
  - iii. 2000 units of Product A and 1000 units of product B.

Costing information is as under:

		Per Unit `
Direct Material	Product A	10
	Product B	9
Direct Wages	Product A	3
	Product B	2

Variable expenses are allocated to products as 100% of Direct Wages.

Fixed Expenses are ` 800.

Sales Price	Product A	` 20
	Product B	` 15

Also recommend which of the sales mix should be adopted. (20)

**Q V A)** Why management control system should be adopted in a company? Explain. (10)

**Q V B)** What do you mean by transfer pricing? (10)

**Q VI)** Write short notes on (any four) of the following. (5 x 4= 20)

- a) Importance of P/V Ratio.
- b) Marginal Costing & Decision Making.
- c) Management Reports.
- d) Performance Budgeting.
- e) Limitations of standard costing.
- f) Margin of safety.