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**T.Y.B.com Semester V (CBCS) Ordinance**
**EXAMINATION OCTOBER 2019**
**Cost Accounting Major III : Techniques of Costing**

**[Duration : Two Hours]** **[Total Marks :80]**

**Instructions:**

1) **Question No.1 is Compulsory.**
2) **Answer any Three question from Q.No. 2 to Q. No.6.**
3) **Figures to the right indicate maximum marks allotted.**
4) **All Questions carry equal marks.**
5) **Enter the appropriate main & sub-questions numbers in the answer-book.**

Q.1 You are given the following data for the year ending 31st March, 2019 of the Alliba Company **(20)**

| | |
|---|---|
| DirectMaterials | Rs. 2,00,000 |
| Direct Labour | Rs. 2,00,000 |
| VariableOverhead | Rs. 2,00,000 |
| Fixed Cost | Rs. 3,00,000 |
| Net Profit | Rs. 1,00,000 |
| Sales | Rs. 10,00,000 |

Calculate the following:

1. P/V Ratio.
2. Break Even Point in Sales Value.
3. Profit when sales amounted to Rs.15,00,000.
4. Margin of Safety.
5. Sales required to earn a net profit of Rs. 1,20,000 after the corporate Income Tax rate being 40%.

Q.2 A. The following particular are extracted from the records of Shanni Company. **(20)**

| **Particular** | **Product A per unit** | **Product B per unit** |
|---|---|---|
| Sales | Rs.100 | Rs.120 |
| Consumptions of Material | 2 Kgs | 3 Kgs |
| Material Cost | Rs. 10 | Rs. 15 |
| Direct Wages Cost | Rs. 15 | Rs. 10 |
| Direct Expenses | Rs. 5 | Rs. 6 |
| Machine Hours used | 3 hours | 2 hours |
| **Overhead**: | | |
| Fixed | Rs.5 | Rs.10 |
| variable | Rs. 15 | Rs. 20 |

Direct Wages per hour is Rs. 5.
Comments on the profitability of each product (both use the same materials) when

1. Total sales potential is limited.
2. Raw material is in short supply.
3. Production capacity (in terms of machine hours) is the limiting factor.

B. Assuming Raw material as the key factor available of which is 10,000 kg. and maximum sales potential of each product being 3,500 units. Find out the product mix which will yield the maximum profit.

Q.3 The standard material inputs required for 1,000 kg. of a finished product are given below. **(20)**

| Materials | Qty.(in Kgs.) | Standard Rate perKg.(Rs.) |
|---|---|---|
| P | 450 | Rs. 20 |
| Q | 400 | Rs. 40 |
| R | 250 | Rs. 60 |
| Total | 1,100 | |
| Less: StandardLoss | 100 | |
| Standard Output | **1,000** | |

Actual Production in a period was 20,000 Kgs. of the finished product for which the actual quantities of materials used and the price pad thereof as under:

| Material | Qty.Used (in Kgs.) | Actual Rate per Kg. (Rs.) |
|---|---|---|
| P | 10,000 | Rs. 19 |
| Q | 8,500 | Rs.42 |
| R | 4,500 | Rs.45 |

Calculate:

1. Material Cost Variance
2. Material Price Variance
3. Material Usage Variance
4. Material Mix Variance
5. Material Yield Variance

Q.4 A) A 100 Skilled workmen, 40 Semi-Skilled workmen and 60 Unskilled workmen were to worked for 30 weeks to get a contract job completed. The standard weekly wages were Rs.60, Rs. 36 and Rs. 24 respectively.

The job were actually completed in 32 weeks by 80 Skilled workmen, 50 Semi-Skilled workmen and 70 Unskilled workmen who were paid Rs. 65, Rs.40 and Rs.20 respectively as weekly wages.

Find out:

1. Labour Cost Variance.
2. Labour Rate Variance.
3. Labour Efficiency Variance.

(B) For the data given below relates to modern garments which produces and sold T-shirts during 2018-19. The opening stock of 500 T-shirts valued at Rs.1,00,000 including variable cost of Rs. 80 per T-shirt: **(10)**

| | |
|---|---|
| Production | 5000 T-shirts |
| Sales @ Rs.300 per T-shirts | 4000 T-shirts |
| Direct Material Cost | Rs. 2,00,000 |
| Direct Labour Cost | Rs. 1,00,000 |
| **Factory Overheads:** | |
| Variable | Rs.1,00,000 |
| Fixed | Rs. 6,00,000 |

Closing stock is valued at current cost.

You are required to present income statement using:

a) Absorption Costing
b) Marginal Costing

Account briefly for the difference in net profit between the two income statements. **(10)**

Q.5 A) Explain the different classification of reports. **(10)**

B) Explain the need of management Control System in a company. **(10)**

Q.6 Write Short notes on any four of the following: **(4X5=20)**

a) Assumptions of Break Even Analysis.
b) Application of Marginal costing in pricing decision.
c) Merits of Standard Costing.
d) Steps of Performance budgeting.
e) Objectives of Marginal Costing.
f) Significance of Variance Analysis