M.E.S. COLLEGE OF ARTS & COMMERCE, ZUARINAGAR-GOA

B. Com (CBCS) Semester V End (Regular &Repeat) Examination, February 2022

DSE-III COST ACCOUNTING-Major-III

Techniques of Costing III (UCOD110)

Instructions: 1) *Question **No.1** is Compulsory.*

2) *Answer **any Three** questions from Q.No.**2** to Q. No.**6.***

3) *Give working notes **wherever** necessary.*

4) ***All** questions carry **equal** marks.*

5) *Figures to the **right** indicate maximum marks allotted.*

6) *Enter the appropriate main & sub-questions numbers in the answer book.*

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

Q.1. The following sales and profit of Kia Co ltd., are given for the year ended 2020 & 2021. **(20)**

Year	**Sales (₹)**	**Profit (₹)**
2020	3,00,000	40,000
2021	3,40,000	50,000

You are required to calculate the following:

i) Profit volume ratio
ii) Break-even point in (Rs)
iii) Sales required to earn a profit of Rs 80,000
iv) The profit made when sales are Rs 5,00,000
v) Margin of safety at a profit of Rs 100,000
vi) Fixed cost Rs 35,000

Q.2. Nykaa Co. Ltd is selling three brands of its product in the brand names X, Y and Z. The details of unit costs and selling prices are as under for the year ended 31/3/2021: **(20)**

Particulars	**X (₹) per unit**	**Y (₹) per unit**	**Z(₹) per unit**
Direct Materials	12	24	32
Direct Labour	16	16	40
Variable Overhead	12	40	28
Selling Price	72	100	192

The monthly fixed expenditure is Rs 5,40,000. Sales volume (in units) for the months of July and August 2020 are as follows:

Particulars	**X (Units)**	**Y (Units)**	**Z(Units)**
July	40,000	40,000	40,000
August	80,000	52,000	20,000

Find out the monthly profits and if your computation brings out that higher profit was earned in the month having lower sales volume, kindly justify the finding with reasons. Prepare the Statement of Contribution and Statement of Profitability

Q.3. The standard cost of a certain chemical mixture of **Indigo Paints Ltd** for the year ended 31/3/2021. **(20)**

35% Material '**A**' at Rs 50 per kg	
65% Material '**B**' at Rs 72 per kg	

A standard loss of 5% of input is expected in production. During the period the actual following usage of material was as follows:

250 kgs Material '**A**' at Rs 54 per kg
550 kgs Material '**B**' at Rs 68 per kg

The actual output was 730 kg

Calculate and present:

i. Material cost variance
ii. Material price variance
iii. Material usage variance
iv. Material mix variance
v. Material yield variance

Q.4.A) From the following data calculate labour variances of Johnson and Johnson Pharmaceuticals for the year ended 31/3/2021. **(10)**

The budgeted labour for product **A** is:

i. 40 semi-skilled workers at ₹ 150 per hour for 100 hours.
ii. 20 skilled workers at ₹ 250 per hour for 100 hours.

The actual labour force used for product A is:

i. 44 semi-skilled workers at ₹ 160 per hour for 100 hours.
ii. 16 skilled workers at ₹ 240 per hour for 100 hours.

Calculate the following:

a) Labour cost variance
b) Labour efficiency variance
c) Labour Rate variance

4.(B) Following data relates to **Hot Wheels Co**. **Ltd.** which makes and sells toys for the year ended 31/3/2021. **(10)**

Particulars	
Production	2,00,000 units
Sales	1,60,000 units
Selling price per unit	Rs 30
Direct materials	Rs 5,00,000
Direct labour	Rs 6,00,000
Factory overheads:	
Variable	Rs 2,00,000
Fixed	Rs 5,00,000
Selling and distribution overheads:	
Variable	Rs 2,00,000
Fixed	Rs 4,00,000

You are required to present income statements using (a) absorption costing and (b) marginal costing. Account briefly for the difference in net profit between the two income statements.

5.A. Explain any Five Techniques of Management Control System. **(10)**

5.B. Explain the Principles of Good Reporting System **(10)**

6. Write short notes on any FOUR of the following: (4 x 5= 20)

a. Explain Any five Advantages of Marginal Costing.

b. Explain Any five points on Significance of Variance Analysis.

c. Explain Any Two Applications of Marginal Costing.

d. Explain Any five Uses of Break-even point.

e. Explain Any four Benefits of Standard Costing.

f. Any five Factors Affecting Transfer Pricing.