

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

B. Com (CBCS) Semester V End (Regular & Repeat) Examination, March 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 data are given of Blue Dart Express Ltd. for the year ended 31/3/2021. (20)**

Particulars	Amt (₹)
Selling price	Rs 40 per unit
Variable manufacturing cost	Rs 22 per unit
Fixed manufacturing cost	Rs 10,80,000
Variable selling cost	Rs 6 per unit
Fixed selling cost	Rs 5,04,000

**Calculate:**

i. Profit Volume Ratio.

ii) Break Even Point in value and units.

iii) Sales to earn a profit of Rs 1,20,000.

iv) Profit and margin of safety when sale is Rs 80,00,000.

v) Sales to earn a profit to Rs 1,20,000 after tax, if tax rate is 50%.

**Q.2. The following particulars are extracted from Kquality Ltd., for the year ended 31/3/2021. (20)**

Particulars	Product A (Per unit) ₹	Product B (Per unit) ₹
Selling price	200	240
Direct material @ Rs 4 per kg	24	32
Direct wages @ Rs 3 per hour	30	36
Direct expenses	6	8
Variable overhead	4	8

**Comment on the profitability of each product (both use same raw material).**

When:

- i. Total sales potential in value is limited.
- ii. Raw material is in short supply

**Prepare the Statement of Marginal Cost and Contribution.**

**Q.3. The standard cost of a certain chemical mixture of Nippon Paint India Pvt Ltd for the year ended 31/3/2021. (20)**

40% Material 'C' @ Rs.100 per kg

60% Material 'D' @ Rs.60 per kg

A standard loss expected in production is 10% of input.

The actual cost record for a period showed the following usage:

300 kg Material 'C' @ Rs.110 per kg

500 kg Material 'D' @ Rs.56 per kg

Actual quantity of output produced was 730 kg

**Calculate:**

- a) Material cost variance
- b) Material price variance
- c) Material usage variance
- d) Material mix variance
- e) Material yield variance

**Q.4.A) Standard labour hours and standard rate for production of one unit of article XEE is given below of Cipla Pharmaceuticals for the year ended 31/3/2021. (10)**

Workers type	Per unit std. hours	Std. Rate per hours
Grade A workers	10 hours	Rs 30 per hour
Grade B workers	16 hours	Rs 20 per hour

Actual production of article XEE during the period was 1000 units by using the following actual labour hours and actual rates:

Workers type	Actual hours	Actual rate per hour
Grade A workers	9,000 hours	Rs 40 per hour
Grade B workers	20,000 hours	Rs 18 per hour

**Calculate:**

- a) Labour cost variance
- b) Labour rate variance
- c) Labour efficiency variance

**4.(B)** From the following data of **Ranbaxy Co.Ltd.**, Prepare income statement under (a) absorption costing and (b) marginal costing. Explain briefly for the difference in profits between the two income statements for year ended 31/3/2021. **(10)**

Opening stock (valued at Marginal Costs Rs 123,800 and Total Cost Rs 144,000)	20,000 units
Units produced	120,000 units
Closing Stock	8,000 units
Units sold	1,32,000 units
Variable cost	Rs 7,14,000
Factory overheads (Fixed)	Rs 1,40,400
<b>Selling cost:</b>	
Variable	Rs 6,80,000
Fixed	Rs 100,000
Selling price per unit	Rs 40

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 factors influencing Management Control System. **(10)**

**5.B.** Explain any two methods of Transfer Pricing **(10)**

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

- Explain Any five Objectives of Marginal Costing.
- Define Standard Costing and its Applicability.
- Explain Any Two Applications of Marginal Costing.
- Distinguish between Absorption Costing and Marginal Costing (Any five points).
- Explain any four disadvantages/limitations of Standard Costing.
- Explain any four Advantages of Performance Budgeting