



**B.Com. (Semester – VI) (Old Course) Examination, April 2017**  
**Cost and Management Accounting**  
**Major – II : METHODS AND TECHNIQUES OF COSTING – II**

Duration : 2 Hours

Total Marks : 80

**Instructions :** i) Question No. 1 is **compulsory**.  
ii) Attempt **any three** questions from Q. No. 2 to Q. No. 6.

1. a) From the following cost data calculate : 10  
i) Contribution per unit  
ii) P/V ratio  
iii) B.E.P. in units.  
Selling Price per unit Rs. 20  
Variable cost per unit Rs. 16  
Fixed expenses Rs. 60,000.
- b) The sales of a company in the first half of 2010 were Rs. 2,70,000 and the profit earned was Rs. 7,200. The sales in the second half year were Rs. 3,42,000 when the profit earned was Rs. 20,700. Assuming no change in fixed costs, calculate : 10  
i) P/V ratio  
ii) Sales required to earn profit of Rs. 36,000.
2. To manufacture one unit of finished product following is the labour cost applicable i.e. Standard labour hours and standard rate per hour : 20

	Hours	Rate per hour Rs.
Skilled labour	10	30
Semi skilled labour	8	15
Unskilled labour	16	10

The actual production was 1,000 units for which the actual hours worked and rates paid were :

	Hours	Rate per hour Rs.
Skilled labour	9,000	40
Semi skilled labour	8,400	15
Unskilled labour	20,000	9

**Calculate :**

- i) Labour cost variance
- ii) Labour rate variance
- iii) Labour efficiency variance
- iv) Labour mix variance.

3. a) The cost data to produce one unit of spare part X is as follows : 10

	Rs.
Material	20
Direct labour	25
Variable expenses	5
Fixed expenses	10
<b>Total</b>	<b><u>60</u></b>

The same spare part is available in the market at Rs. 56 with an assurance of continuous supply. You are required to suggest whether to 'Make' or 'Buy' the spare part.

- b) What is Uniform Costing ? Explain its merits and limitations. 10

4. Calculate the material price, usage and mis variances from the following data : 20

	Standard			Actual		
	Qty. (Kgs.)	Rate (Rs.)	Amount (Rs.)	Qty. (Kgs.)	Rate (Rs.)	Amount (Rs.)
Material A	60	15	900	50	24	1,200
Material B	20	35	700	10	60	600
	<b>80</b>		<b>1,600</b>	<b>60</b>		<b>1,800</b>

5. a) Discuss the different kinds of reports explaining the basis of their classification. 10

- b) Explain the terms 'Standard Costing' and 'Variance Analysis'. What are the limitations of Standard costing ? 10

6. Write short notes on **any four** : 20

- a) Key/Limiting factor in decision making
- b) Transfer pricing
- c) Overhead variances
- d) Performance Budgeting
- e) Inter-firm comparison
- f) Choice of Profitable product mix.