Seat No. : _______________

# SB-132

**September-2020**

## M.Com., Sem.-IV (HPP)

## CC-17 : Cost Accounting-II
## (Department of Accountancy)

**Time : 2 Hours]** **[Max. Marks : 50**

### SECTION – I

(Attempt any **TWO** questions out of given questions)

1. (A) The following data extracted from the records of SOORA LTD. are given to you : **10**

| Particulars | 1st year (₹) | 2nd year (₹) |
|---|---|---|
| Sales | 10,00,000 | 18,00,000 |
| Profit/Loss (–) | (–) 50,000 | 2,70,000 |

You are required to calculate :

(1) P/V Ratio

(2) Fixed cost

(3) BEP

(4) The amount of profit where sales are ₹ 25,00,000

(B) Explain the difference between Marginal costing and Absorption costing. **10**

2. (A) PQR Limited manufactures two products A and B. The contribution per unit for product A is ₹ 18 and ₹ 10 for product B. One unit of A requires 4 hours fabrication and one unit of B needs 8 hours of fabrication. Each unit of A and B requires 4.5 hours and 4 hours respectively for welding. The total hours available for fabrication and welding are 40,000 and 36,000 respectively. The requirement of direct materials per each unit of "A" and "B" is 10 kgs and 16 kgs respectively. The availability of material is 1,20,000 kgs. Formulate mathematical model. **10**

(B) What is linear programming ? Discuss its utility. **10**

3. (A) ABC Ltd. is manufacturing three products X, Y and Z. All the products use the same raw material which is scarce and available to the extent of 61,000 kgs. only. The following information is available from records of the Company. **10**

| **Particulars** | **Product X** | **Product Y** | **Product Z** |
|---|---|---|---|
| Selling Price per unit (₹) | 100 | 140 | 90 |
| Variable Cost per unit (₹) | 75 | 110 | 65 |
| Raw Material Requirement per unit (kg) | 5 | 8 | 6 |
| Market Demand (Units) | 5,000 | 3,000 | 4,000 |

Fixed Costs are ₹ 1,50,000.

Advise the Company about the most profitable product mix.

(B) Write short note on "Opportunity Cost". **10**

4. (A) Explain Life cycle costing. **10**

(B) Explain the methods of establishment of Target Cost. **10**

## SECTION – II

(Attempt any **FIVE** MCQs out of given)

5. Select the appropriate alternative : **10**

(i) The idea about target costing originated in

(a) Japan (b) China

(c) USA (d) India

(ii) Target costing is based on :

(a) Market price of product (b) Actual cost of product

(c) Historical cost (d) None of these

(iii) In which method fixed costs of production is considered for valuation of closing stock ?

(a) Marginal costing (b) Absorption costing

(c) Relevant costing (d) All of these

(iv) When material (kg.) is a key factor, profitability of a product is decided on which of the following basis ?

(a) Contribution per kg. (b) Contribution per unit

(c) Variable cost per unit (d) None of these

(v) For manufacturing products X and Y by a machine, requires 2 hours and 4 hours per unit respectively. If there are only 1000 hours available, which of the following is correct ?

(a) $2x + 4y \leq 1000$ (b) $2x + 4y = 1000$

(c) $2x + 3y \geq 1000$ (d) None of these

(vi) What can we derive by using the following formula ?

$$\frac{\text{Total Fixed Costs}}{\text{Contribution Per Unit}}$$

(a) Margin of safety (b) Budgeted output

(c) Budgeted profit (d) Break-Even output

(vii) Linear Programming is the technique of ________ for solving business problems.

(a) Operations Research (b) PERT and CPM

(c) Marginal Costing (d) Cost Account

(viii) The basic difference between absorption and marginal cost is accounting effect of

(a) Factory fixed cost (b) Administration fixed cost

(c) Selling fixed cost (d) None of these

(ix) MRP-II is ________

(a) A Traditional Approach

(b) An Inter-departmental Approach

(c) A Production scheduling Approach

(d) None of these

(x) Differential cost deals with

(a) Sunk cost (b) Relevant cost

(c) Historical cost (d) None of these

(xi) Which of the following is not characteristic of relevant cost ?

(a) It is future cost. (b) It is cash out flow.

(c) It is historical cost. (d) None of these

(xii) Increase in contribution at two different levels of production and sales results into

(a) Same increase in variable cost

(b) Same increase in fixed cost

(c) Same increase in net profit

(d) Same increase in variable cost, fixed cost and net profit