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0304N23

Candidate's Seat No :_____

M.Com. HPP (AAA) Semester-4 Examination

CC-17

Cost Accounting -II

April-2024

Time : 2-30 Hours] **[Max. Marks : 70**

Q.1

(A) AB Ltd. manufactures three products. Following information is collected for this.

Particulars	Products		
	X	Y	Z
(1) Sales Quantity mix (in %)	30%	30%	40%
(2) Selling price per unit (₹)	40	50	60
(3) Variable cost per unit (₹)	28	30	36

Total fixed costs ₹ 3,00,000
Total sales ₹ 10,00,000

You are required to calculate:
(i) Overall Break Even Point sales (units) and
(ii) Product wise breakup of Break Even Point sales (units) from the above data. **7**

(B) Toy limited provides you the following information:

	2022-23	2023-24
Sales	40,000	60,000
Loss/Profit	(14,600)	26,400

You are required to calculate:
(i) The P/V ratio, fixed cost, break-even point and margin of safety for 2023-24.
(ii) The amount of sales required to earn a profit of ₹ 40,000.
(iii) The amount of profit / loss when sales for the year are ₹ 80,000.
(iv) The amount of sales required to earn a profit of 20% on sales. **7**

OR

Q.1

Kavya Ltd. has production capacity of 5,00,000 units per year. Normal capacity utilization is recognized as 90%, standard variable production costs are ₹11 per unit. The fixed costs are ₹9,00,000 per year, variable selling costs are ₹3 per unit and fixed selling costs are ₹6,75,000 per year. The unit selling price is ₹20. As on 31st March 2024, the production was 4,00,000 units and sales were 3,75,000 units. The closing inventory was 50,000 units.
Calculate the profit for the year by Marginal costing method and Absorption costing method. **14**

P.T.O

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Q.2

Naksh manufactures two products Aam and Bag. He has two machines M1 and M2 in the factory. For manufacturing product Aam, he has to use Machine M1 for 3 hours and Machine M2 for 6 hours and for manufacturing product Bag, he has to use Machine M1 for 6 hours and Machine M2 for 5 hours.

The contribution per unit of Aam is ₹ 4 and for Bag it is ₹5. Each machine M1 and M2 cannot work for more than 2,100 hours. How many units of Aam and Bag should be produced to get the maximum profit? (i.e. give the optimum product-mix). Develop Linear Programming Model and draw graph. **14**

OR

Q.2

Heera Ltd. produces and sales three identical products as below. The information is available as under:

Particulars	L	M	N
(1) Maximum expected sales (units)	60,000	80,000	1,20,000
(2) Selling price per unit (₹)	300	250	200
(3) P/V Ratio (%)	20%	30%	25%
(4) Direct material (percentage of variable cost)	50%	60%	40%

The total fixed expenses are estimated ₹20,00,000. The company uses same materials for all three products. The rate of material per kg. is ₹ 3.75.

Calculate the optimum production mix in each of the following two independent cases and find out profit:

(i) When maximum available raw material is 12,00,000 kgs.

(ii) Under a trade agreement the firm, cannot produce more than 1,20,000 units of the three products taken together. **14**

Q.3

(A) A Marker manufacturing company finds that while it costs ₹6.25 each to make a Marker Cap, the same is available in the market at ₹5.75 with an assurance of continued supply. The break-down of cost is:

Particulars	Per Unit (₹)
Direct materials	₹2.75
Direct labour	₹1.75
Other variables	₹0.50
Depreciation and other fixed cost	₹1.25
Total	₹6.25

Answer the followings:

(i) Should company make or buy Marker Cap?

(ii) What would be the decision if the supplier offers the component at ₹4.85 each? **7**

(B) Yummy ltd. has just been incorporated and plans to produce a product that will sell for ₹20 per unit. The expected demand would be around 10,000 units per year. The Company has the choice of buying one of the two machines M1 and M2, each of which has a capacity of 10,000 units per year. Other expected data:

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	Machine M1	Machine M2
Fixed cost	₹ 60,000	₹ 36,000
Profit	₹ 60,000	₹ 44,000
Sale	10,000 units	10,000 units

Required:

(i) Break even sales for each machine

(ii) Sales level where both machines have equal cost.

(iii)Range of sales where one machine is more profitable than the other. **7**

OR

Q.3

Mohan Ltd. works at 70% production capacity at present. The information of its profitability are as follows:

Particulars	₹	₹
Sales	—	4,20,000
Costs:	—	—
Direct materials	1,05,000	—
Direct labour	70,000	—
Variable overheads	17,500	—
Fixed overheads	1,70,000	3,62,500
Profit		57,500

The company has been received an export order that would utilise 40% of the total capacity of the factory. The order has either to be taken in full and executed at 10% below the normal domestic price or rejected totally.

The alternatives available to management are given below:

(1) Reject the export order and continue with the domestic sales only, as at present.

(2) Accept the order and split the full capacity between 40% for export order and 60% for domestic sales by rejecting excess domestic demand.

(3) Increase the production capacity so as to accept the export order and also to maintain the present domestic sales by purchasing an equipment that will increase capacity by 5% and fixed cost by ₹ 12,500 and to meet the balance required capacity overtime work will be done at a rate of one and half of the normal wage rate.

(4) Reject the export order and achieve the sales up to 100% capacity in domestic market by reducing 5% in present domestic price.

Prepare comparative statement of profitability and suggest the best alternative. **14**

Q.4

(A) Explain the various stages in Product Life Cycle. **7**

(B) Explain benefits of JIT system. **7**

P.T.O

OR

Q.4

(A) Explain the advantages of Target Costing. **7**

(B) List the requirements for operation of a MRP System. **7**

Q.5 Select the appropriate alternative: **(Attempt any Seven out of given)** **14**

(1) "Just In Time" (JIT) is emerged in
(a) America in the year 1960
(b) England in the year 1940
(c) Japan in the year 1950
(d) India in the year 1980

(2) Profitability of a product is decided on the basis of _____ when material is a limiting factor.
(a) Contribution per unit
(b) Contribution per hour
(c) Contribution per kg
(d) P/V ratio

(3) In which method both fixed and variable costs of production are considered for valuation of closing stock?
(a)Marginal costing
(b) Absorption costing
(c)Relevant costing
(d) All of the above

(4) For manufacturing products X and Y by a machine, requires 24 hours and 48 hours per unit respectively. If, there are only 19,200 hours available, which of the following is constraint?
(a) $24X + 48Y = 19,200$
(b) $24X + 48Y \geq 19,200$
(c) $24X + 48Y \leq 19,200$
(d) None of the above

(5) A firm makes a single product. A budget has been prepared for the year ahead and include production and sales of 1,20,000 units with a break-even point of 90,000 units. What is the margin of safety ratio?
(a) 33%
(b) 25%
(c) 75%
(d) 100%

(6) What is derived by using the following formula?

$$\frac{\text{Fixed Cost}}{\text{P.V. Ratio\%}}$$

(a) Break-even point sales

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(b) Margin of safety sales
(c) Actual sales
(d) Sales to earn profit

(7) Information of ABC Limited is as under:

Profit ₹3,00,000
Fixed expenses ₹4,50,000
Margin of safety ₹7,50,000
Profit-volume ratio (P/V Ratio) will be_____
(a) 30%
(b) 40%
(c) 20%
(d) 25%

(8) _____is the important factor in Linear Programming.
a) Constraints
(b) Cost
(c) Contribution
(d) All of the above

(9) Target costing is linking factors like
(a) Profit planning
(b) Market survey
(c) Value analysis
(d) All of the above

(10) Differential cost deals with
(a) Sunk cost
(b) Relevant cost
(c) Historical cost
(d) None of the above

(11) MRP-II is _____
(a) A Traditional Approach
(b) An Inter-departmental Approach
(c) A Production scheduling Approach
(d) None of the above

(12) JIT focuses on elimination of
(a) Wastage of material
(b) Wastage of asset
(c) Wastage of time
(d) All of the above

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