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0904N031

Candidate's Seat No : _____

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

CC-17

Cost Accounting-II

April-2025

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

Q.1

(A) Annual production capacity of Zoho Limited is 1,00,000 units. The normal capacity is only 80%. Cost details are as under:

	₹
Fixed production expenses (yearly)	4,00,000
Standard variable cost per unit	24
Fixed selling expenses (yearly)	3,00,000
Variable selling expenses per unit	8
Selling price per unit	44

Production and Sales details (for the year 2024-25)

Production 72,000 units.

Sales 64,000 units

Closing stock on 31-3-2025 14,400 units.

Actual variable production expenses were ₹ 32,000 more than standard variable production expenses. Prepare Income Statements showing total cost and total profit under Marginal Costing for the year 2024-25. 7

(B) Explain Cash Breakeven Point and Margin of Safety. 7

OR

Q.1

(A) Abhilasha ltd. has furnished the following data for the two years:

	2023-24	2024-25
Sales	₹48,00,000	?
P/V Ratio	50%	37.5%
Margin of Safety sales (Sales as a % of Total sales)	40%	21.875%

There has been substantial savings in the fixed cost in the year 2024-25 due to the restructuring process. The company could maintain its sales quantity level of 2023-24 in 2024-25 by reducing selling price.

You are required to calculate the following for 2024-25 (in ₹):

(i) Sales

(ii) Fixed cost

(iii) Break even sales 7

(B) The following figures are related to Simon Limited for the year ending 31st March, 2025:

Sales – 4,800 units @ ₹ 20 per unit;

P/V Ratio 25% and margin of safety is 50% of sales.

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You are required to calculate:

(i) Number of units to be sold to earn a net income of 20% on sales.

(ii) Selling price per unit if Break-even Point is to be brought down by 800 units. 7

Q.2 The data for the three products is given below:

Particulars	A	B	C
Selling price (₹)	100	50	60
Direct Material @ ₹ 10 per kg (₹)	40	10	30
Other variable costs (₹)	36	25	10
Fixed cost (₹)	20,000	15,000	10,000
Maximum capacity (units)	5,000	2,000	3,000

Calculate the best product mix and the profit in each of the following three independent cases:

(i) Total availability of raw materials is limited to 18,000 kg.

(ii) Under a trade agreement the firm cannot produce more than 7,500 units of the three products taken together.

(iii)Total sales value of three products cannot exceed ₹ 6,50,000. 14

OR

Q.2

(A) Mahek manufactures two products A and B. She has two machines M1 and M2 in the factory. For manufacturing product A he has to use Machine M1 for 6 hours and Machine M2 for 12 hours and for manufacturing product B he has to use Machine M1 for 12 hours and Machine M2 for 10 hours. The contribution per unit of A is ₹ 8 and for B it is ₹10. Each machine M1 and M2 cannot work for more than 4,200 hours. Develop Linear Programming model for maximization of profit.

Note: Only Equations are required and not the graph. 7

(B) What is Linear Programming? Discuss its limitations. 7

Q.3

(A) Mr. Mohit has ₹ 8,00,000 investments in his business firm. He wants ₹ 1,20,000 return on his investments. From an analysis, he finds that his variable cost of operating is 70% and his fixed costs are 1,60,000 per year.

Answer the following questions: -

(i) What sales volume must be obtained to break-even?

(ii) What sales volume must be obtained to get ₹ 1,20,000 return on investment?

(iii)Mr. Mohit estimates that even if he closed the doors of his business, he would incur ₹60,000 per year. At what sales would he be better off by locking this business up. 7

(B) Aarzu Ltd. a mobile manufacturing company finds that while it costs ₹ 6.25 each to make a component X –7050, the same is available in the market at ₹5.75 with an assurance of continued supply. The break-down of cost is:

Direct materials	₹2.75 each
Direct labour	₹1.75 each
Other variables	₹0.50 each
Depreciation and other fixed cost	₹1.25 each
Total	₹6.25 each

(i) Should it make or buy?

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

OR

Q.3

(A) Manushi Ltd. works at 70% production capacity at present. The information of its profitability are as follows:

Particulars	₹	₹
Sales	—	84,000
Variable Costs:	38,500	—
Fixed overheads	34,000	72,500
Profit		11,500

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:

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

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

Prepare comparative statement of profitability and suggest the best alternative. 7

(B) Explain Differential cost and Incremental cost. 7

Q.4

(A) Explain the obstacles to successful implementation of JUST-IN-TIME. 7

(B) What are the characteristics of Product Life Cycle concept? 7

OR

Q.4

(A) List the aims and benefits of Material Requirement Planning? 7

(B) List the steps involved in Target Costing approach to pricing. 7

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

(1) A firm makes a single product. A budget has been prepared for the year ahead and include production and sales of 60,000 units with a break-even point of 45,000 units. What is the margin of safety ratio?

(a) 33%
(b) 25%
(c) 75%
(d) 100%

(2) Manufacturing Resource Planning-II (MRP-II) is

(a) A production scheduling approach
(b) An Inter departmental approach
(c) A traditional Approach
(d) None of the above

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

$$\frac{\text{Profit}}{\text{P.V. Ratio\%}}$$

(a) Break-even point sales

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

(4) Information of ABC Limited is as under:

Profit ₹30,000
Fixed expenses ₹45,000
Margin of safety ₹75,000
Profit-volume ratio (P/V Ratio) will be_____
(a) 30%
(b) 40%
(c) 20%
(d) 25%

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

(6) For manufacturing products X and Y by a machine, requires 12 hours and 24 hours per unit respectively. If, there are only 9,600 hours available, which of the following is constraint?
(a) $12X + 24Y = 9,600$
(b) $12X + 24Y \geq 9,600$
(c) $12X + 24Y \leq 9,600$
(d) None of the above

(7) 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 the above

(8) The idea about target costing originated in
(a) Japan
(b) UK (England)
(c) USA
(d) India

(9) Each product has to face stages of product life cycle.
(a) This is correct statement
(b) This is incorrect statement
(c) This is partially correct statement
(d) This is irrelevant statement

(10) _____approach ensures zero inventory.
(a) Just-in-time
(b) Life cycle costing

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(c) Target costing
(d) ABC analysis

(11) Linear programming is useful for -
(a)Determine optimum product mix
(b)Determine minimum cost
(c)Select securities for investment
(d)All of these (a), (b) & (c)

(12) Under _____cost is set by changing product design.
(a) Just-in-time
(b) Life cycle costing
(c) Target costing
(d) Incremental costing

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