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3010E940

Candidate's Seat No : _____

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

CC-17 - Cost Accounting-2

October-2025

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

Q.1

Sanju Ltd. has production capacity of 1,00,000 units per year. Normal capacity utilization is recognized as 90%, standard variable production costs are ₹11 per unit. The fixed costs are ₹1,80,000 per year, variable selling costs are ₹3 per unit and fixed selling costs are ₹1,35,000 per year. The unit selling price is ₹20. In the year just ended on 31st March 2024, the production was 80,000 units and sales were 75,000 units. The closing inventory was 10,000 units.

Calculate the profit for the year by the Absorption costing method and Marginal costing method. **14**

OR

Q.1

(A) Toy limited provides you the following information:

	2022-23	2023-24
Sales	20,000	30,000
Profit	7,200	13,200

You are required to calculate the following, assuming that the fixed costs remain constant during the year:

(i) The P/V ratio, fixed cost, break-even point and margin of safety for 2023-24.
(ii) The amount of profit / loss when sales for the year are ₹ 40,000.
(iii) The amount of sales required to earn a profit of ₹ 25,000.
(iv) The amount of sales required to earn a profit of 10% on sales.
(v) The amount of profit for the year 2023-24 assuming anticipated 10% increase in selling price but 20% decrease in physical sales volume and fixed costs.

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(B) H Ltd. manufactures three products. Following information is collected for this.

Particulars	Products		
	P	Q	R
(1) Sales value mix (in %)	30%	30%	40%
(2) Selling price per unit (₹)	50	40	60
(3) Variable cost per unit (₹)	30	28	36

Total fixed costs ₹ 6,00,000
Total sales ₹ 20,00,000

You are required to calculate Overall Break Even Point sales (₹) from the above data.

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Q.2

Mira Ltd. produces and sales three products as below. It provides the following information:

Particulars	X	Y	Z
(1) Maximum estimated sales (units)	15,000	20,000	30,000
(2) Selling price per unit (₹)	75	62.50	50
(3) Variable cost Ratio (%)	80%	70%	75%
(4) Direct wages (percentage of variable cost)	50%	60%	40%

The total fixed expenses are estimated ₹5,00,000. The company uses same labourers for all three products. The rate of wages per hour is ₹ 3.75.

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

(i) When maximum available labour time is 3,00,000 hours.

(ii) Under a trade agreement the firm, cannot produce more than 40,000 units of the three products taken together. **14**

OR

Q.2

A garden restaurant wants to improve its lawn to look more attractive. The garden restaurant has been advised by an expert to use 4,800 kg. of fertiliser and 5,600 kgs. of special chemicals. However, the garden restaurant is able to buy fertiliser and chemicals in a mixture, and not in a pure form.

A supplier is prepared to supply 50 kg. bags of mixture A at ₹10 each, which contains the equivalent of 15 kg. of fertiliser and 35 kg. of chemicals. Mixture B is also available in 50 kg. bags at ₹20 each, which contains the equivalent of 40 kg. of fertiliser and 10 kg. of chemicals.

If the club wants to minimise the cost, what combination of mixture A and B should be used that satisfies the chemical and fertiliser requirement? Develop Linear Programming Model and draw graph. **14**

Q.3

(A) From an analysis of the year 2023-24 cost figures, Miss Meha finds that her variable cost of operating is 70 percent of sales, her fixed costs are ₹60,000/- per year, show computations to answer the following questions:

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

(ii) Miss Meha estimates that even if she closed the doors of her business, she would incur ₹20,000 per year. At what sales level would it be better off by locking her business up? **7**

(B) The particulars of two plants producing an identical product with the some selling price are as under: -

	Plant P	Plant Q
Capacity	70%	60%
	(₹ Lakhs)	(₹ Lakhs)
Sales	140	90
Variable costs	105	75
Fixed costs	30	20

It has been decided to merge plant 'P' with plant 'Q'. The additional fixed expenses involved in the merger amount to ₹4 lakhs.
Required:
1. Find the break-even point of plant 'P' and plant 'Q' before merger and the breakeven point of the merged point.
2. Find the capacity utilization of the integrated plant required to earn a profit of ₹22 lakhs. 7

OR

Q.3
(A) Mr. Chang a Pen manufacture makes an average net profit of ₹2.50 per unit on a selling price of ₹14.30 by producing and selling 60,000 pieces of 60% of the potential capacity.
His cost of sales per unit is: -

Direct material	₹3.50
Direct wages	₹1.25
Works overhead	₹6.25(50% fixed)
Sales overhead	₹0.80 (25% varying)

During the current 2023-24, he intends to produce the same number of pens but anticipates that his fixed charges will go up by 10% while the rates of direct material and direct labour will go up by 6% and 8% respectively. But he has no option of increasing the selling price. Under this situation he obtains an offer from global market for further 20% of his capacity. What minimum price will you recommend for acceptance of offer to ensure the manufacturer an overall profit of ₹1,67,300/-? 7

(B) Explain relevant and irrelevant cost. 7

Q.4
(A) Explain the limitations of JUST-IN-TIME approach. 7
(B) List the requirements for operation of a MRP System. 7

OR

Q.4
(A) Explain the methods of establishment of Target Costs. 7
(B) Explain the various stages in Product Life Cycle. 7

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

(1) For manufacturing products X and Y by a machine, requires 6 hours and 12 hours per unit respectively. If, there are only 4,800 hours available, which of the following is constraint?
(a) $6X + 12Y = 4800$
(b) $6X + 12Y \geq 4800$
(c) $6X + 12Y \leq 4800$
(d) None of the above

(2) A firm makes a single product. A budget has been prepared for the year ahead and include production and sales of 30,000 units with a break-even point of 22500 units. What is the margin of safety ratio?

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

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

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

(a) Break-even point sales
(b) Margin of safety sales
(c) Actual sales
(d) Sales to earn profit

(4) Information of ABC Limited is as under:

Profit ₹60,000
Fixed expenses ₹90,000
Margin of safety ₹1,50,000
Profit-volume ratio (P/V Ratio) will be_____
(a) 30%
(b) 40%
(c) 20%
(d) 25%

(5) _____approach ensures zero inventory.
(a) Just-in-time
(b) Life cycle costing
(c) Target costing
(d) ABC analysis

(6) 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

(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

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(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) 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)

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

(12) 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

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