

**TILAK MAHARASHTRA VIDYAPEETH, PUNE**  
**MASTER OF COMMERCE (M.COM.)**  
**EXAMINATION : MAY 2022**  
**THIRD SEMESTER**  
**Sub: Costing (MCA-312)**

**Date: 27/05/2022**

**Total Marks :100**

**Time: 10.00 am to 1.00 pm**

**Instructions:** 1) All questions are compulsory.  
2) Figures to the right indicate full marks.

**Q.1 Answer the following questions. (Attempt any two) (30)**

1. A product passes through two distinct processes A and B. from the following information you are required to prepare
- 1) Process A account
  - 2) Process B account

Particulars	Process A	Process B
Material (introduced 20,000 units in process A)	30,000	3,000
Labour	10,000	12,000
Overheads	7,000	9,580
Normal loss	10%	4%
Scrap value of normal loss	Rs-1 per unit	Rs-2 per unit
Output	17,500 units	17,000 units

There was no stock or work-in-progress in any process.

2. M/S contractor engineer undertook a contract of Rs-5,00,000 for constructing a collage building. The following concerning the contract during the year 2021

Particulars	Amt.
Material sent to site	170698
Labour	148750
Plant installed at site at cost	30,000
Direct expenses	6334
Establishment charges	8252
Material return to stores	1098
Work certified	39,000
Value of plant as on 31 <sup>st</sup> march 2021	22,000
Cost of work not yet certified	9000
Material sent at site on 31 <sup>st</sup> march 2021	3766
Wages accrued on 31 <sup>st</sup> march 2016	4800
Direct expense accrued	480
Cash received from contractee	3,60,000

Prepare contract A/C and contractee A/C.

3. A company budgets a production of 150,000 units. The variable cost per unit is Rs-14 and fixed cost per unit is Rs-2 per unit. The company fixes selling price to fetch a profit of 15% on cost.

Find out-

- 1) BEP
- 2) P/V Ratio
- 3) If the selling price is reduced by 5%, how does the revised selling price affects the break-even point and P/V ratio?

If profit increase of 10% is desired more than the budget, what should be the sales at the reduced price?

4. Coca Chemicals industries provide you the following information from their records for making 10 kgs of GEMCO (the product), the standard material requirement is

Material	Quantity (kgs)	Rate per Kg (Rs)
A	800	6
B	400	4

The actual consumption of material is as under:

Material	Quantity (kgs)	Rate per Kg (Rs)
A	750	7
B	500	5

Calculate:

- 1) Material price variance
- 2) Material usage variance
- 3) Material cost variance

Material mix variance

**Q.2 Answer the following. (Attempt any three)**

**(30)**

1. Explain Classification of cost according to element
2. Discuss the Advantages of budgetary control
3. Prepare a production budget for the year ended 2021

Product	Estimated stock		Sales units
	Jan 1	Dec 31	
A	10,000	10,000	1,20,000
B	10,000	20,000	1,00,000

4. State Break-even point.
5. Margin of Safety explain.

**Q.3 Write short notes. (Attempt any four)**

**(20)**

1. Product mix
2. P/V ratio
3. Advantages of job costing
4. Variance analysis
5. Cost centre
6. Margin of safety

**Q.4 Select the Correct Alternatives (Attempt Any Ten)**

**(20)**

- 1 Break-even point is the point of -----
  - a) High profit
  - b) low losses
  - c) No profit, no loss
  - d) P/V ratio
- 2 ----- method is used in hospitals in determining cost
  - a) Job costing
  - b) Operating costing
  - c) Unit costing
  - d) Contract costing
- 3 Margin of Safety = Actual sales less -----
  - a) Profit volume ratio
  - b) Fixed cost
  - c) Break-even sales
  - d) Profit
- 4 Standard cost is used -----
  - a) As a basis for price fixation and cost control through variance analysis
  - b) To ascertain the break-even point
  - c) To establish cost-volume profit relationship
  - d) None of the above
- 5 In contract account, the account of work-in-progress consist of -----
  - a) Cost of work certified
  - b) Cost of work uncertified
  - c) The amount of profit transferred to p & L a/c
  - d) a + b + c
- 6 Master budget is -----
  - a) Expansion of all budget
  - b) Summery of all budget
  - c) Total of all budgets
  - d) separation of all budget
- 7 Product mix is also known as -----
  - a) Product assortment
  - b) Absorption cost
  - c) Differential product
  - d) Normal cost
- 8 The cost which remains fixed irrespective of level of output are known as -----
  - a) Fixed cost
  - b) Variable cost
  - c) Semi variable cost
  - d) Historical cost
- 9 ----- are predetermined costs of a product under present or anticipated future conditions.
  - a) Standard cost
  - b) Abnormal cost
  - c) Historical cost
  - d) None of the above
- 10 Idle time variance is always -----
  - a) Adverse
  - b) Positive
  - c) Favorable
  - d) Similar
- 11 P/V ratio shows relationship between contribution and -----
  - a) Purchase
  - b) Sundry debtors
  - c) Sales
  - d) Sundry creditors
- 12 Budget is prepared -----
  - a) In advance for a special period
  - b) Long term period
  - c) After a specified period
  - d) Short term period

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