Shree Narayana College of Commerce

Bachelor of Commerce

Semester – 6 Subject Code – CE 303 (A)

Academic Year – 2024-25 Subject – Management Accounting-2

Unit-1 Standard Costing -1

1. A standard mix of a product of The Anand Ltd. is as follows:

Material	Standard Mix Kg.	Standard Price per Kg.
X	100	5
Y	40	4
Z	60	10

The standard loss is estimated at 10% of units introduced. There is no scrap value. Actual output of product was 14,400 kgs. Actual consumption and cost of goods were as follows:

Material	Actual Mix Kg.	Actual Price per Kg.
X	8,320	5.50
Y	3,360	3.75
Z	5,120	9.50

Find out the following variances:

1. Material cost variance
2. Material price variance
3. Material usage variance
4. Material mix variance
5. Material yield variance

2. A standard mix of a product is as follows:

Material	Kg. (in percentage)	Standard Price per kg. Rs.
A	50	5
B	20	4
C	30	10

The standard loss is estimated at 10% of units introduced. There is no scrap value. Actual output of product was 360 kgs. Actual consumption and cost of goods were as follows:

Material	Kgs.	Actual Price per kg. Rs.
A	230	6
B	100	5
C	170	9
Total	500	

Find out the following variances:

1. Material Cost Variance
2. Material Price Variance
3. Material Usage Variance
4. Material Mix Variance
5. Material Yield Variance

3. The details of workers engaged in the production of 10 units of item ‘M’ in a factory:

Workers	Standard Hours	Standard Labour Rate per hour Rs.
Men	200	10
Women	100	8
Children	100	5
Total	400	

Actual production was 100 units, and the details are as follows:

Workers	Actual Hours	Actual Labour Rate per hour Rs.
Men	2,150	9.50
Women	1,250	7
Children	1,200	6
Total	4,600	

Find out the following variances:

1. Labour Cost Variance
2. Labour Rate Variance
3. Labour Efficiency Variance
4. Labour Mix Variance
5. Labour Yield Variance

4. The following was the composition of a gang of workers in a factory during a particular month, in one of the production departments. The standard composition of workers and wage rate per hour were as below:

Skilled 2: Workers at a standard rate of Rs. 20 per hour each.
Semi-skilled 4: Workers at a standard rate of Rs. 12 per hour each.
Unskilled 4: Workers at a standard rate of Rs. 8 per hour each.

The standard output of the gang was 4 units per hour of the product.

During the month, however, the actual composition of the gang and hourly rates paid were as under:

Nature of workers	No. of workers	Wage rate paid per worker per hour engaged
Skilled	2	Rs. 20
Semi-skilled	3	Rs. 14
Unskilled	5	Rs. 10

The gang was engaged for 200 hours during the month, which included 12 hours when no production was possible, due to machine breakdown. 810 units of the product were recorded as output of the gang during the month.

Compute undermentioned labour variances:

1. Labour cost variance
2. Labour rate variance
3. Labour efficiency variance
4. Idle time variance
5. Labour yield variance
6. Labour mix variance

5. Explain the concept Standard costing with its benefits and limitation.

Unit-2 Standard Costing-2

1. From the following calculate Sales Variance

Product	Standard Units	Standard Price per Unit (Rs.)	Standard Total (Rs.)	Actual Units	Actual Price per Unit (Rs.)	Actual Total (Rs.)
A	8,000	8	64,000	10,000	9	90,000
B	7,000	10	70,000	8,000	9	72,000
C	10,000	7	70,000	12,000	8	96,000
Total	25,000		2,04,000	30,000		2,58,000

2. **Budgeted Sales:**

- Product A: 1,800 units at ₹10 per unit
- Product B: 1,300 units at ₹20 per unit
- Product C: 2,400 units at ₹15 per unit

Actual Sales:

- Product A: 2,000 units at ₹11 per unit
- Product B: 1,400 units at ₹19 per unit
- Product C: 2,200 units at ₹16 per unit

Cost per Unit:

- Product A: ₹9
- Product B: ₹17
- Product C: ₹13

Task: Calculate sales variances based on profit.

3. **Nirgun Co. Ltd.** is using a standard costing system in operation for quite some time. The following data relating to the month of March, 2016 is available from the cost records:

Particulars	Budgeted	Actual
Output (in units)	90,000	97,500
Operating Hours	90,000	99,000
Fixed Overheads (Rs.)	1,35,000	1,50,000
Variable Overheads (Rs.)	5,40,000	5,64,000
Working Days	25	26

You are required to work out the **Variable Overheads Variances** and **Fixed Overheads Variances**.

4. The following details are taken from the cost records of Ajay Ltd.
Calculate Fixed Overheads Variances:

Particulars	Standard	Actual
Hours	550	450
Fixed Overheads (Rs.)	26,400	26,880
Standard Production Rate (Units)	6	-
Days	25	27
Production (Units)	-	3,696

Calculate:

1. Total Fixed Overheads Variance
2. Expenditure (Budget) Variance
3. Volume Variance
4. Efficiency Variance
5. Capacity Variance
6. Calendar Variance

5. **Nirgun Co. Ltd.** is using a standard costing system in operation for quite some time. The following data relating to the month of March, 2016 is available from the cost records:

Particulars	Budgeted	Actual
Output (in units)	90,000	97,500
Operating Hours	90,000	99,000
Fixed Overheads (Rs.)	1,35,000	1,50,000
Variable Overheads (Rs.)	5,40,000	5,64,000
Working Days	25	26

You are required to calculate the following:

1. Variable Overheads Variances
2. Fixed Overheads Variances

6. The following information is available from the books of a Company:

Particulars	Budgeted	Actual
Monthly Hours	6,000	6,300
Monthly Production Units	4,000	4,400
Variable Overheads (Rs.)	18,000	22,050

Calculate the following Variances:

1. Variable Overheads Cost Variance
2. Variable Overheads Expenditure Variance
3. Variable Overheads Efficiency Variance

Unit-3

Capital Budgeting

Sum-33 (Upsana Co. Ltd) Pg-242 GU 2016

Sum-34 (Sulabh Co Ltd) Pg-243 GU 2016

Sum-38 (A Co.) Pg-245 GU 2018

Sum-39 (Bonza Ltd) Pg-246 GU 2015

Sum-40 Pg-247 GU 2020

Unit-4

Explain the terms

- Notional Cost
- Opportunity Cost
- Discretionary Cost

Sum No	Name	Page no	Uni Paper
43	Sonali Ltd	Pg 327	GU 2017
46	Atul Ltd	Pg 329	GU 2018
52	Bhavin Co Ltd	Pg 333	GU 2019
57	Shiv Ltd	Pg 338	GU 2021