

- Q-1 XYZ Ltd. manufactures components for the zed. The following budgeted information is available for three of their key components:

Particulars	X Per unit Rs.	Y Per units Rs.	Z per units Rs.
Selling price	400	366	350
Direct Materials	100	80	70
Direct labour	60	70	60
Unit produced and sold	10000	15000	18000

The total number of activities for each of the three products for the period is as follows

Particulars	X Per unit Rs.	Y Per units Rs.	Z per units Rs.
Number of purchases requisitions	1200	1800	2000
Number of setups	240	260	300
Machine hours (Total)	100	150	180

Overheads costs have been analyzed as follows

Receiving/inspecting quality assurance	Rs. 2800000
Production Scheduling setup	Rs. 2400000
Machine cost	Rs. 860000

Calculate the budgeted profit per unit for each of the three products using Activity Based Costing

OR

- Q-1 (A) What is Target cost and Target Costing? What are the advantages of Target Costing?
(B) Write a note on Kaizen Costing.
- Q-2 The following details of cost structure regarding production operation of a manufacturing establishment at normal capacity of 100000 units of a product per year have been made available.

Particulars	Per unit Rs.	Inventory of finished goods at the beginning of the year consist of 10000 units Fixed selling administration expenses for the year amounted to Rs. 10000 sale price per unit is Rs.3.
Direct materials	1.20	
Direct labour	0.45	
Variable factory overheads	0.30	
Fixed factory overheads	0.45	
Total	2.40	

You are required to compute the net income for the year according to absorption costing and marginal costing (a) When production is 110000 units; and sales are 100000 units.(b) When production is 90000 units and sales are 100000 units.

OR

- Q-2 Explain difference - Marginal Costing and Absorption Costing