

[A]	<table> <tr> <td></td><td>Product A (Rs)</td><td>Product B (Rs)</td></tr> <tr> <td>Fixed Overheads</td><td>Rs. 10,000 p.a.</td><td>Rs. 10,000 p.a.</td></tr> <tr> <td>Direct Material p.u.</td><td>20</td><td>25</td></tr> <tr> <td>Direct Labour p.u.</td><td>10</td><td>15</td></tr> <tr> <td colspan="3">Variable overheads (100% of Direct Labour)</td></tr> <tr> <td>Selling Price P.u.</td><td>60</td><td>100</td></tr> </table>		Product A (Rs)	Product B (Rs)	Fixed Overheads	Rs. 10,000 p.a.	Rs. 10,000 p.a.	Direct Material p.u.	20	25	Direct Labour p.u.	10	15	Variable overheads (100% of Direct Labour)			Selling Price P.u.	60	100		
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	<p>You are required to present a statement showing the marginal cost of each product and recommend which of the following sales mixes should be adopted:</p> <p>900 units of A &amp; 600 units of B</p> <p>1800 units of A only</p> <p>1200 units of B only</p> <p>1200 units of A &amp; 400 units of B</p>																				
[B]	Distinguish between Marginal and Absorption Costing																				
	(08)																				
	OR																				
Q-2	The following is the standard cost data per unit of product 'X'.																				
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	<p>Fixed factory overhead Rs. 5 (based on budgeted normal output of 36,000 units per year). Variable selling overhead Rs. 6 per unit. Fixed selling overhead per year were Rs.1,20,000.</p> <p>During a month the company produced 2000 units of the product and sold 1500 units. There was no opening stock.</p> <p>You are required to prepare an income statement under Absorption Costing &amp; Marginal Costing. Explain the difference in Profit if any.</p>																				
	(18)																				
	SECTION II																				
Q-3	A company manufactures three types of products namely P, Q and R. The data relating to a period are as under:																				
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	<p>Currently the company uses traditional costing method and absorbs all production overheads on the basis of machine hours. The machine hour rate of overheads is Rs. 6 per hour.</p> <p>The Company wants to use ABC System</p>																				
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