CA. Parag Gupta

Owner of World's Largest CA Final Student's Consultancy Group: http://groups.yahoo.com/group/costingbyparaggupta

Beware Whether you are really preparing according to recent examination trend of CA Final Costing or are you still preparing for B. Com level.

Sincere Advice: Try at least past 5 attempts examination questions by your hand before appearing for examination.

Be your best judge by doing some of these past examination questions

Nov. '08 (11 Marks): Tripod Ltd. has three divisions X, Y and Z, which make products X, Y and Z respectively. For division Y, the only direct material is product X and for Z, the only direct material is product Y. Division X purchases all its raw material from outside. Direct selling overhead, representing commission to external sales agents are avoided on all internal transfers. Division Y additionally incurs Rs. 10 per unit and Rs. 8 per unit on units delivered to external customers and Z respectively. Y also incurs Rs. 6 per unit picked up from X, whereas external suppliers supply at Y's factory at the stated price of Rs. 85 per unit.

Additional information is given below:

	Figures Rs./unit		
	X	Y	Z
Direct material (external supplier rate)	40	85	135
Direct labour	30	50	45
Sales Agent's commission	15	15	10
Selling Agent's commission	15	15	10
Selling price in external market	110	170	240
Production capacity	20000	30000	40000
External demand	14000	26000	42000

You are required to discuss the range of negotiation for Managers X, Y and Z, for the number of units and the transfer price for internal transfers

[Ans.: Y will sell to Z only if X sells to Y at Rs. 70 per unit and Y will supply to Z maximum 4000 units]

June '09 (6 Marks): Formulate the dual for the following linear program:

Maximize: $100x_1 + 90x_2 + 40x_3 + 60x_4$

Subject to,
$$6x_1 + 4x_2 + 8x_3 + 4x_4 \le 140$$
$$10x_1 + 10x_2 + 2x_3 + 6x_4 \le 120$$
$$10x_1 + 12x_2 + 6x_3 + 2x_4 \le 50$$
$$x_1, x_2, x_3, x_4 \ge 0;$$

(Only formulation is required. Please do not solve.)

Costing By Parag Gupta

Ground Floor, A-156, Gali No. 4, Shakarpur, Opposite Walia Nursing Home, Delhi 92

Ph.: 9891432632, 9968875529, Email-paraggupta_ca@yahoo.co.in

Nov. '08-NC (12 Marks): Bloom Ltd. makes 3 products, A, B and C. The following information is available:

(Figures in Rupees per unit)

	A	B	C
Selling price (peak-season)	550	630	690
Selling price (off-season)	550	604	690
Material cost	230	260	290
Labour (peak-season)	110	120	150
Labour (off-season)	100	99	149
Variable production overhead	100	120	130
Variable selling overhead (only for peak-season)	10	20	15
Labour hours required for one unit of production	8	11	7 (hours)

Material cost and variable production overheads are the same for the peak-season and off-season. Variable selling overheads are not incurred in the off-season. Fixed costs amount to Rs. 26,780 for each season, of which Rs. 2,000 is towards salary for special technician, incurred only for product B, and Rs. 4,780 is the amount that will be incurred on after-sales warranty and free maintenance of only product C, to match competition.

Labour force can be interchangeably used for all the products. During peak-season, there is labour shortage and the maximum labour hours available are 1,617 hours. During off-season, labour is freely available, but demand is limited to 100 units of A, 115 units of B and 135 units of C, with production facility being limited to 215 units for A, B and C put together.

You are required to:

(i) Advise the company about the best product mix during peak-season for maximum profit.

(ii) What will be the maximum profit for the off-season?

[Ans.; (i) Best strategy for peak-season is to produce 202 units of A. (ii) Maximum profit for off-season Rs. 4,375.]

June '09-OC (3 Marks): Meena is a news reporter and feature writer for an economic daily. Her assignment is to develop a feature article on 'Product Life-cycle Costing', including interviews with the Chief Financial Officers (CFO) and operating managers. Meena has been given a liberal budget for travel so as to research into company's history, operations, and market analysis for the firm she selects for the article.

Required :

Meena has asked you to recommend industries and firms that would be good candidates for the article. What would you advice? Explain your recommendations.

Nov. '08-O.C (11 Marks): A project consists of seven activities and the time estimates of the activities are furnished as under:

Activity	1-2	1-3	1-4	2-5	3-5	4-6	5-6
Optimistic Days	4	3	4	5	8	4	2
Most likely Days	10	6	7	5	11	10	5
Pessimistic Days	16	9	16	5	32	16	8

Required:

(i) Draw the network diagram.

(ii) Identify the critical path and its duration.

(iii) What is the probability that project will be completed in 5 days earlier than the critical path duration?

(Iv) What project duration will provide 95% confidence level of completion ($Z_{0.95}$ =1.65)?

Given

Z	1.00	1.09	1.18	1.25	1.33
Probability	0.1587	0.1379	0.1190	0.1056	0.0918

[Ans.: (ii)Critical Path is 1→3→5→6 & its duration is 25 days (iii) Probability = ***11.90%***, (iv) 32 days (approx)]

Disclaimer: This handout is based on personal knowledge & is prone to errors. It is issued just for the benefit of the students appearing in May'10 or later. Students appearing in Nov.'09 exams are not suggested to change their preparation style.

Ground Floor, A-156, Gali No. 4, Shakarpur, Opposite Walia Nursing Home, Delhi 92

Ph.: 9891432632, 9968875529, E-mail : paraggupta_ca@yahoo.co.in

Dear friends,
I am discussing some very important ways of studying to develop confidence in yourself and for scoring max. marks in your examination. Any further suggestions from all of you will be highly appreciated.

- Since 5 out of 8 subjects are of theory, equal weightage should be given in its preparation
- Keep in your mind that every practical subject contains around 30 marks theory
- Best ways of revision & of building confidence is to revise the topics in following way:

1st: Topics which are easy and important
2nd: Topics which are easy and unimportant- ->Covers contingency of change in trend
3rd: Topics which are difficult but important
4th: Topics which are difficult and unimportant- ->Least time should be invested on these topics

NEW Course

Ranking for revision	Chapters	Majority Questions	Last 5 Attempts (Marks)							5 Attempts earlier from last 5 attempts (Marks)				
			June'09-NC	June '09-OC	Nov.'08-NC	Nov.'08-OC	May'08	Nov.'07	May'07	Nov.'06	May'06	Nov.'05	May'05	Nov.'04
	Activity Based Costing	Theory + Practical	5	9	-	7	11	15	-	4	24	4	11	11
	Service Sector	Theory + Practical	4	5	-	8	7	-	5	12	4	4	4	8
	Transfer Pricing	Practical	24	12	11	11	14	-	12	7	4	15	9	11
1st Topics which are easy and important	Budgeting Control (incld. Benchmarking, Balance Scorecard & Throughput A/cing)	Theory + Practical	16	13	11	9	9	22	8	-	15	22	8	21
	Target Costing, Life Cycle Costing	Theory	5	3	-	4	-	9	4	6	4	-	-	5
	JIT(incld. Backflush A/cing), MRP, & ERP	Theory	-	5	6	4	-	4	4	5	-	12	-	8
	Learning Curve	Theory + Practical	8	-	-	3	7	9	4	2	4	-	8	-
	Uniform Costing & Inter Firm Comparision*	Theory	4	N.A.	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	Time Series Analysis & Forecasting*	Theory + Practical	5	N.A.	3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	Assignment	Practical	-	7	8	-	-	11	-	6	-	-	-	7
	Simulation	Theory + Practical	-	5	4	8	4	-	-	5	-	8	-	7
2nd Topics which are easy and unimportant	Pricing Decisions, Pareto Analysis	Theory	-	5	-	6	5	-	-	6	11	3	10	4
	TQM	Theory	-	-	4	4	-	-	6	-	-	-	20	-
	Value Chain Analysis	Theory	-	4	5	-	-	-	-	5	4	-	4	-
	Computer Aided Manufacturing, Synchronous Manufacturing, World Class Manufacturing & Business Process Re-engineering*	Theory	-	N.A.	-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	Cost Sheet & Profitability Analysis*	Theory + Practical	-	N.A.	-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	Marginal Costing (incld. Marginal v/s Absorption)	Practical	N.A.	10	N.A.	11	15	19	21	27	15	7	11	-
	Linear Programming	Practical	6	-	9	11	8	-	14	8	-	11	9	8
3rd Topics which are difficult but important	CPM/PERT	Practical	4	12	10	11	13	6	11	12	-	7	10	8
	Standard Costing	Practical	2	9	11	11	6	-	14	14	4	11	11	-
	CVP Analysis & Decision Making (incld. Make or Buy, Key Factor, etc.)	Practical	13	9	19	-	6	24	10	-	22	-	-	16
	Test of Hypothesis*	Theory + Practical	6	N.A.	5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
4th	Transportation	Theory + Practical	6	-	-	3	10	-	6	-	-	-	-	-
Topics which are difficult but unimportant	Basic Cost Concepts for Decision Making(incld. Shutdown Point & Relevant Costing)	Theory + Practical	8	11	6	8	4	-	-	-	8	15	4	5

Important Note:
1. Marginal Costing (incld. Marginal v/s Absorption) has been deleted from New Course, although you are supposed to have basic knowledge about applicability of CVP analysis.
2. * These topics are newly introduced in New Course.
3. Practical Question on JIT, Balance Scorecard has been asked only once & only twice from TQM (but chances of increase in practical questions on theorical chapters is higher in New Course in comparision to old course).
4. CPM/PERT, Simulation & Test of Hypothesis has also been included in New Course of MAFA (i.e. SFM) & a 8 Marks practical question was asked from Test of Hypothesis in SFM in Nov 08.

CA. Parag Gupta
(Faculty-Costing & O.R for CA Final)

Costing By Parag Gupta
Ground Floor, A-156
Gali No. 4, Shakarpur
(Opposite Walia Nursing Home)
Delhi - 110092
Ph : +91 9968875529
Email : paraggupta_ca@yahoo.co.in
Yahoo Group : http://groups.yahoo.com/group/costingbyparaggupta
P.S.: For any Costing & O.R. related query, you are requested to call me during 9:00 p.m.-11:00 p.m @ +91 9891432632.

Costing & O.R.

(Both New & Old Course)

Only we cover FULL new course (incld. theory)

		Batch*	Class Date	Class timing
November	I	T/T/S (Morning)	24th Nov-20th Mar.	6:45 a.m. to 10:15 a.m.*
November	II	M/W/F (Evening)	30th Nov.-29th Mar.	5:45 p.m. to 8:45 p.m.
November	III	Sat/Sun (South Delhi)	21st Nov.-28th Mar. (Sat/Sun)*	12:00 p.m. to 4:00 p.m.
November	III	Sat/Sun (South Delhi)	23rd Mar. 28th Mar. (T/T/S/S)	6:45 a.m. to 10:15 a.m.*
March	I	DailyTrack (Not fast track) (I.T.O.)	17th Mar.-29th Mar. (M/W/F)*	6:45 a.m. to 10:15 a.m.*
March	I	DailyTrack (Not fast track) (I.T.O.)	30th Mar.-15th May. (Daily)	6:45 a.m. to 10:15 a.m.*

*Batch Details are tentative & are subject to change without prior intimation; Conditions Apply; 9:30-10:15am is generally query time; Sat-Sun batch is only for students having off on Sat.

OUR THOUGHT:

There is nothing known as silly query, it is just a query which is easy to answer.

Total Fees (Mar.):
Rs. 9700/-
Fees (O.R.) : Rs. 4300/-
Fees (Costing):Rs. 5400/-

Total Fees (Nov.):
Rs. 7000/-
Fees (O.R.) : Rs. 3000/-
Fees (Costing):Rs. 4000/-

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(Visiting Faculty of ICAI)
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