

C 61715
2018-19)

St. Mira's College for Girls, Pune
(Autonomous-Affiliated to Savitribai Phule Pune University)
Cost and Works Accountancy - III

Entire Syllabus
Skill : Calculation of Cost. (Transfer Price).
Calculation of Transfer Pricing

St. Mira's College for Girls Date : 29.01.2019
SET 'A' Flexi 1
Sub.: Costing III Roll No. 4201 Div.: A
TYBCom Sem: VI

Division A is a profit centre, which produces P, Q, R and S. Each product is sold in the external market also. Data for the period is as follows:

Particulars	P	Q	R
Market Price per unit	288	276	240
Variable Cost of production per unit	200	144	168
Labour Hours required per unit	4	5	3
Maximum Sales Potential (units)	3,840	2,400	1,440

Division B has a demand for 1,440 units of Product Q for its use. What should be the Opportunity Cost and Transfer Price for 1,440 units of Product Q, if the total labour hour available in Division A is restricted to 36,000?

Solution -

Particulars	P	Q	R
Market Price per unit	288	276	240
-) Variable Cost of production (PV)	200	144	168
Contribution	88	132	72
Labour hours required per unit	4	5	3

Step 3
Chandani Mazumdar
Subject Teacher



Principal Incharge
St. Mira's College for Girls