

Entire Syllabus

Calculation of Optimum Product Mix

Skill: Calculation of Cost. (Transfer Pricing).

Sub.: Costing III
TYBCom

St. Mira's College for Girls

Date: 9/3/20

SET 'D'

Flexi 2

Sem: VI

Roll No. 4002

Div.: B

Q. Set Ltd. manufactures four different products. But due to limited machine hours, company is no longer able to meet the demand of all four products. In order to decide which product should be preferred in production you are provided with the following data:

10 Marks

Particulars	W	X	Y	Z
Sales price(₹)				
Material cost(₹)	120	270	210	450
Operation Expenses(₹)	90	192	90	360
Time (Bottleneck Minutes)	54	96	48	240
Maximum demand (units)	3	4	6	2
	2,400	3,300	3,000	4,800

- a. If machine hours are limited to 38,000 minutes, calculate the optimum product mix.
b. If machine hours are limited to 42,000 minutes, calculate the optimum product mix.

Particulars	W	X	Y	Z
Sales Price	120	270	210	450
- Variable cost contribution	(90)	(192)	(90)	(360)
	30	78	120	90
Time (bottleneck minute)	3	4	6	2
Contri per minute	10	19.5	20	45
Ranking for production	IV	III	II	I

Atul Patil

Caseypratik Meherale

Subject Teacher



H
Principal Incharge
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