

There are always another chance for
everything in life....

But fact is, there is no chance of another
life... so, dream it, mean it, live it, love it!
What you have, many can have....but what you
are, no one can be..



UNIFORM COSTING AND INTER FIRM COMPARISON

STUDY NOTE – 4 PART - 3

UNIFORM COSTING AND INTER FIRM COMPARISON

Q. 1. The share of total production and the cost-based fair price computed separately for each of the four units in industry are as follows: (Amount in ₹)

Units	A	B	C	D
Share of production %	40	25	20	15
Direct material	300	360	340	380
Direct labour	200	240	280	320
Depreciation	600	400	320	200
Other overheads	600	600	560	480
	1700	1600	1500	1380
20% return on capital employed	1260	860	700	460
Fair price	2960	2460	2200	1840
Capital employed per unit:				
Net fixed assets (₹ per unit)	6,000	4,000	3,200	2,000
Working capital (₹ per unit)	300	3,000	300	300
Total capital (₹ per unit)	6,300	4,300	3,500	2,300

Required:

What should be the uniform price fixed for the product of the industry?

(CMA INTER JUNE 2014 NEW)

Q. 2. The share of total production and the cost-based fair price computed separately for each of the four units in industry are as follows: (Amount in ₹)

Units	A	B	C	D
Share of production %	40	25	20	15
Direct material	150	180	170	190
Direct labour	100	120	140	160
Depreciation	300	200	160	100
Other overheads	300	300	280	240
	850	800	750	690
20% return on capital employed	628	430	350	230
Fair price	1480	1230	1100	920
Capital employed per unit:				
Net fixed assets (₹ per unit)	3000	2000	1600	1000
Working capital (₹ per unit)	140	150	150	150
Total capital (₹ per unit)	3140	2150	1750	1150

Required:

What should be the uniform price fixed for the product of the industry?

(SM)