

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 Wrt. (Transfer Price).

Calculation of Transfer Pricing

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

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:

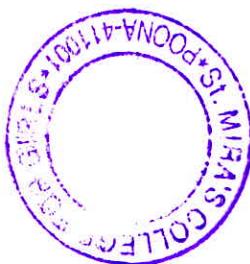
Particulars	P	Q	R
Market Price per unit	288	276	240
Variable Cost of production per unit	200	144	168
Labour Hours required per unit	4	5	3
Maximum Sales Potential (units)	3,840	2,400	1,440

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

Dr. Jayashri  
(Dr. Jayashri Nagarkar).  
Subject Teacher.



Principal Incharge  
St. Mira's College for Girls