QP CODE: 25022642

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Reg No : ....

Name : ....

M.Com DEGREE (CSS) SPECIAL REAPPEARANCE EXAMINATION, APRIL 2025

Third Semester

MASTER OF COMMERCE & MANAGEMENT

CORE - CM020301 - ADVANCED COST AND MANAGEMENT ACCOUNTING

2020 ADMISSION ONWARDS

4B0F5E50

Time: 3 Hours Weightage: 30

Part A (Short Answer Questions)

*Answer any **eight** questions.*

*Weight **1** each.*

1. Distinguish between batch level and unit level activities.
2. Write a short note on Activity Based Budgeting.
3. You are given the following data:

Year	Sales	Profit
2020	1,10,000	9,000
2021	1,40,000	13,000

Find out :

1. P/V ratio
2. BEP

4. What do you mean by shut down point? How shut down point is determined?
5. Write a short note on Profitability.
6. Write a short note on value added statement.
7. What is variances?
8. What is material cost variances?
9. What are the requisites of a sound transfer pricing system?
10. Write a short note on dual rate tranfer pricing system.

(8×1=8 weightage)

Turn Over

Part B (Short Essay/Problems)

*Answer any **six** questions.*

*Weight **2** each.*

11. Explain the advantages and limitations of activity based costing.

12. What are the benefits of Customer Profitability analysis?

13. What are the advantages of marginal costing?

14. Company A and Company B both under the same management make and sell the same type of product. Their budgeted P&L A/C for January to June 2020 are as under:

	Company A	Company B
Sales	3,00,000	3,00,000
Variable cost	(2,40,000)	(2,00,000)
Fixed cost	(30,000)	(70,000)
Profit	30,000	30,000

You are required to:

1. Calculate the BEP for each.
2. Calculate the sales volume at which each of the two companies will made a profit of Rs 10,000.
3. Assess how their profitability will change with increase or decrease in volume.

15. State the advantages of exercising cost control and cost reduction.

16. Explain the various advantages of standard costing.

17. Calculate labour variances from the following data:

	Standard	Actual
Output in units	2,000	2,500
Number of workers employed	50	60
Number of working days in a month	20	22
Average wage per man per month (Rs.)	280	330

18. Division Z is profit center, which produces 4 products A, B, C and D. Each product is sold in the external market also. Data for the period is as follows:

	A	B	C	D
Market price/unit	Rs 150	Rs 146	Rs 140	Rs130
Variable cost/unit	Rs 130	Rs 100	Rs 90	Rs 85
Labor hours/unit	3	4	2	3

Product D can be transferred to division Y, but the maximum quantity that might be required for transfer is 2500 units of D.

The maximum sales in the external market are:

A 2,800 units; B 2500 units; C 2300 units; D 1600 units. Division Y can purchase the same product at a slightly cheaper price of Rs 125/unit, instead of receiving transfers of product D for division Z. What should be the transfer price for each unit for 2500 units of D, if the total labor hours available in division Z are 30,000 hours?

(6×2=12 weightage)

Part C (Essay Type Questions)

*Answer any **two** questions.*

*Weight **5** each.*

19. A company produces four products, viz. P, Q, R and S. The data relating to production activity are as under

Product	**Quantity of production**	**Material cost/ unit Rs.**	**Direct labour hours/unit**	**Machine hours /unit**	**Direct Labour cost/ unit Rs**
P	1000	10	1	0.5	6
Q	10000	10	1	0.5	6
R	1200	32	4	2.00	24
S	14000	34	3	3.00	18

Production overheads are as under:

(i) Overheads applicable to machine oriented activity: Rs.1,49,700

(ii) Overheads relating to ordering materials Rs.7,680

(iii) Set up costs Rs.17,400

(iv) Administration overheads for spare parts Rs. 34,380

(v) Material handling costs Rs.30,294

The following further information have been compiled:

Product	**No. of set up**	**No. of materials orders**	**No. of times materials handled**	**No. of spare parts**
P	3	3	6	6
Q	18	12	30	15
R	5	3	9	3
S	24	12	36	12

Required:

(i) Select a suitable cost driver for each item of overhead expense and calculate the cost per unit of cost driver.

(ii) Using the concept of activity based costing, compute the factory cost per unit of each product.

20. The management of a company is thinking whether it should drop one item from the product line and replace it with another. Given below are present cost and output data:

Product	Price	VC per unit	% of sales
Book shelf	60	40	30%
Table	100	60	20%
Bed	200	120	50%

Total FC per year Rs 7,50,000 and Sales Rs 25,00,000

The change under consideration consists in dropping the line of tables and adding the line of cabinets. If this change is made the manufacturer forecasts the following cost and output data:

Product	Price	VC per unit	% of sales
Book shelf	60	40	50%
Cabinets	160	60	10%
Bed	200	120	40%

Total FC per year Rs 7,50,000 and Sales Rs 26,00,000

Should this proposal to be accepted? Comment

21. Explain the various reasons for using value analysis.

22. The standard mix to produce one unit of product is as follows:-

Material X: 60 units @ Rs. 15 per unit	= 900
Material Y: 80 units @ Rs.20 per unit	=1600
Material Z: 100 units @ Rs. 25 per unit	= 2500
240 units	5000

During the Month of April , 10 units were actually produced and consumption was as follows:-

Material X: 640 units @ Rs. 17.50 per unit	= 11,200
Material Y: 950 units @ Rs. 18.00 per unit	= 17,100
Material Z: 870 units @ Rs. 27.50 per unit	=23,925
2460 units	52,225

(2×5=10 weightage)