QP CODE: 24045049

24045049

Reg No : .....

Name : .....

M.Com DEGREE (CSS) EXAMINATION, OCTOBER 2024

Third Semester

M.Com MASTER OF COMMERCE & MANAGEMENT

CORE - CM020301 - ADVANCED COST AND MANAGEMENT ACCOUNTING

2020 ADMISSION ONWARDS

0F492E5D

Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

*Answer any **eight** questions.*

*Weight **1** each.*

1. Write a short note on Cost Drivers.

2. From the following information calculate Cost driver rate for each activity

Activity	Estimated annual cost driver Activity	Estimated Overhead Cost
Purchasing Materials	10,000 Requisitions	Rs.12,00,000
Setting up of Machines	2000 set ups	Rs.16,00,000
Running Machines	90000 hours	Rs.27,00,000
Assembling products	250000 hours	Rs.15,00,000
Inspection	20,000 hours	Rs.10,00,000

3. The sales turnover and profit during two periods were as follows:

Period	Sales	Profit
1	Rs.2,00,000	Rs.20,000
2	Rs.3,00,000	Rs.40,000

What would be probable trading results with sales of Rs.1,80,000? What amount of sales will yield a profit of Rs. 50,000?

4. Write a short note on profit volume graph.

5. What do you mean by Value Engineering?

6. Write a short note on Cost Control.

7. What is standard costing?

8. State the importance of variance analysis.

9. Write a short note on the utility of transfer pricing.

10. Explain the dual pricing method of transfer pricing.

(8×1=8 weightage)

Part B (Short Essay/Problems)

*Answer any **six** questions.*

*Weight **2** each.*

11. Activity Based Costing plays a vital role in decision making .Which are the main areas ?

12. Explain the applications of activity based mangement in business.

13. Illustrate with an example how decision is made regarding the shutting down of operations.

14. Allied manufacturing company gives you the following information,

	Product A	Product B
Fixed OH – RS 10,000 p.a		
Direct material per unit	20	25
Direct labour per unit	10	15
Variable OH	100% of direct labour	100% of direct labour
Selling price per unit	60	100

You are required to present a statement showing the marginal cost of each product and recommend which of the following sales mix should be adopted.

15. Give the format of value added statement in Report form.

16. Calculate material price variance, material usage variance and material cost variance from the following information:

Quantity of materials purchased: 3,000 units
Value of materials purchased: Rs. 14,000
Standard quantity of material required per ton of finished product: 20 units
Standard price of material: Rs. 5 per unit
Opening stock of materials: 100 units
Closing stock of materials: 600 units
Finished product manufactured: 100 tonnes.

17. From the following particulars calculate (i) Labour Cost Variance (ii) Labour Rate Variance

(iii) Labour Efficiency Variance.

Standard hours specified	250
Standard rate of wages	Rs. 40/hr
Actual hours worked	240
Actual rate of wages paid	Rs. 42 / hr.

18.

	Division A Rs. per unit	Division B Rs. per unit
Variable cost	10	15
Transfer price at market value	–	20
Fixed costs	5	10
Profit	5	25
Transfer price/selling price	20	70

Division A can sell externally at Rs.20 per unit or transfer internally to Division B at Rs.20 per unit. Division B receives an offer from a customer of Rs. 30 per unit for its final product.

Requirements

1. Would Division B accept the offer of Rs. 30 per unit given the existing transfer price?
2. Is this the correct decision from the company's point of view
3. Division A has surplus capacity?
4. Division A is operating at full capacity?

Give proper explanations.

(6×2=12 weightage)

Part C (Essay Type Questions)

*Answer any **two** questions.*

*Weight **5** each.*

19. Relevant data relating to a company are:

Products

Particulars	P	Q	R	Total
Production and sales (units)	60,000	40,000	16,000	
Raw material usage in units	10	10	22	
Raw material costs (Rs.)	50	40	22	49,52,000
Directs labour hours	2.5	4	2	3,42,000
Machine hours	2.5	2	4	2,94,000
Direct labour costs (Rs.)	16	24	12	
No. of production runs	6	14	40	60
No. of. Deliveries	18	6	40	64
No. of receipts	60	140	880	1080
No. of production orders	30	20	50	100

Overheads:	**(Rs.)**
Set up	60,000
Machines	15,20,000
Receiving	8,70,000
Packing	5,00,000
Engineering	7,46,000

The company operates a JIT inventory policy and receives each component once per production run.

Required:

Compute the product cost based on direct labour-hour recovery rate of overheads.

Compute the product costs using activity based costing.

20. A company is at present working at 90 per cent of its capacity and producing 13,500 units per annum.It operates a flexible budgetary control system. The following figures are obtained from its budget.

	90%	100%
	Amount (Rs.)	Amount (Rs.)
Sales	15,00,000	16,00,000
Fixed expenses	3,00,500	3,00,600
Semi-fixed expenses	97,500	1,00,500
Variable expenses	1,45,000	1,49,500
Units made	13,500	15,000

Labour and material costs per unit are constant under present conditions. Profit margin is 10 per cent.

1. You are required to determine the differential cost of producing 1,500 units by increasing capacity to 100%
2. What would you recommend for an export price for these 1,500 units taking into account that overseas prices are much lower than indigenous prices?

21. Explain the various productivity improvement models.

22. Standard Chemical Company Ltd. produces a certain chemical. The standard material cost being:40% material X at Rs. 45 per Kg.
60% material Y at Rs. 120 per Kg.
A standard loss of 10% is expected in production.
During January 200 Kg of material X and Y were mixed. 84 Kg material X at Rs. 46 per Kg. and 116 Kg material Y at Rs. 118 per Kg and produced 182 Kg of chemical.
Calculate the following variance for the month:
i) Material Cost Variance, ii) Material Usage Variance, iii) Material Yield Variance

(2×5=10 weightage)