

QP CODE: 25024793



Reg No :

Name :

M.Com DEGREE (CSS) EXAMINATION, APRIL 2025

Fourth Semester

CORE - CM010401 - ADVANCED COST AND MANAGEMENT ACCOUNTING

M.COM FINANCE AND TAXATION (SF), M.COM MARKETING AND INTERNATIONAL BUSINESS
(SF), M.COM MANAGEMENT AND INFORMATION TECHNOLOGY (SF)

2019 ADMISSION ONWARDS

CE72B50D

Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

Answer any **eight** questions.

Weight **1** each.

1. Write a short note on non-value adding activities.
2. Distinguish between Activity Based Costing and Activity Based Management .
3. Write a short note on Activity Based Variance Analysis.
4. The following figures relate to a company

	Total sales	Total Cost
Year ended 31st dec 2016	39,00,000	34,80,000
Year ended 31st dec 2017	43,00,000	37,60,000

Calculate variable cost in 2016 and fixed cost
5. Write a short note on P/V ratio.
6. Write a short note on indifference point.
7. Write a short note on pareto analysis.
8. Define standard cost?
9. What is an ideal standard?
10. What are the requisites of a sound transfer pricing system?

(8×1=8 weightage)



Part B (Short Essay/Problems)

Answer any *six* questions.

Weight 2 each.

11. What is activity based costing? What are the advantages of activity based costing?
12. The budgeted overheads and cost driver volumes of XYZ are as follows.

Cost Pool	Budgeted Overheads (Rs.)	Cost Driver	Budgeted Volume
Material procurement	5,80,000	No. of orders	1,100
Material handling	2,50,000	No. of movements	680
Set-up	4,15,000	No. of set ups	520
Maintenance	9,70,000	Maintenance hours	8,400
Quality control	1,76,000	No. of inspection	900
Machinery	7,20,000	No. of machine hours	24,000

The company has produced a batch of 2,600 components of AX-15, its material cost was Rs. 1,30,000 and labour cost Rs. 2,45,000. The usage activities of the said batch are as follows. Material orders – 26, maintenance hours – 690, material movements – 18, inspection – 28, set ups – 25, machine hours – 1,800 Calculate – cost driver rates that are used for tracing appropriate amount of overheads to the said batch and ascertain the cost of batch of components using activity Based Costing.

13. A retail dealer in garments is currently selling 24,000 shirts annually. He supplies the following details for the year ended 31st December 2001:

Selling price per shirt	Rs 40
Variable Cost per shirt	Rs 25
Fixed Cost:	
Staff salaries	Rs 1,20,000
General office cost	RS 80,000
Advertising cost	Rs 40,000

As a cost accountant of the firm you are required to answer the following each part independently:

1. Calculate the BEP and MOS in sales revenue and number of shirts sold.
 2. Assume that 20,000 shirts were sold in a year. Find out the net profit of the firm.
 3. If it is decided to introduce selling commission of Rs 3per shirt, how many shirts would require to be sold n a year to earn a net income of Rs 15,000.
 4. Assuming that for the year 2002 an additional staff salary of Rs 33,000 is anticipated, and price of shirt is likely to be increased by 15%, what would be the BEP in number of shirts and sales revenue.
14. Product 'A' takes 5 hours to produce on a particular machine and it has a selling price of Rs.50 and marginal cost Rs.35. On the same machine another product 'B' can be at 2 hours at marginal cost of Rs.5 per unit. Supplier's price of product B is Rs.10 per unit. Assuming that the machine hour is the key factor, advice whether product B could be bought out or manufactured.
 15. Explain the cost based pricing strategies.
 16. Explain the concepts of skimming pricing and penetration pricing. In what circumstances these can be adopted?

17. 100 skilled workmen, 40 semi-skilled workmen and 60 unskilled workmen were to work for 30 weeks to get a contract job completed. The standard weekly wages were Rs. 60, Rs. 36 and Rs. 24 respectively. The job was actually completed in 32 weeks by 80 skilled, 50 semi-skilled and 70 unskilled workmen who were paid Rs. 65, Rs. 40 and Rs. 20 respectively as weekly wages. Find out the labour cost variance, labour rate variance, labour mix variance and labour efficiency variance.

18. Explain negotiated transfer pricing. What are the advantages and disadvantages of using such a pricing system?
(6×2=12 weightage)

Part C (Essay Type Questions)

Answer any **two** questions.

Weight 5 each.

19. Illustrate various areas of decision making where Activity Based Costing can be implemented.
20. A company manufactures three components. These components pass through two of the company's departments P and Q. the machine hour capacity of each department is limited to 6000 hours in a month. The monthly demand for components and cost data are as under:

Components	A	B	C
Demand (units)	900	900	1350
	Rs	Rs	Rs
Direct Material/units	45	56	14
Direct labour/units	36	38	24
Variable Overheads/unit	18	20	12
Fixed overheads P @ Rs 8 per hour	16	16	12
Q @ RS 10 per hour	30	30	10
Total	145	160	72

Components A and C can be purchased from market at RS 129 each and Rs70 each respectively. You are required to prepare a statement to show which of the components in what quantities should be purchase to minimize the cost.

21. From the following record of AB Ltd, compute material and labour variances:
An input of 100 kgs. of materials yields a standard output of 10,000 units.
Standard price per kg of material: Rs.20 per kg.
Actual quantity of materials issued and used by the production department 10,000 kgs.
Actual price per kg of material: Rs.21 per kg.
Actual output: 9,00,000 units
Number of employees: 200
Standard wage rate per employee per day: Rs.40
Standard daily output per employee: 100 units
Total number of days worked: 50 days
Actual wage rate per day: Rs.45
Idle time paid or and included in the above half day for each employee.

22. "Transfer pricing is a widely debated and contested topic". Discuss

(2×5=10 weightage)