



Reg. No. : .....

Name : .....

II Semester M.Com. Degree (CBSS – Reg./Suppl./Imp.) Examination, April 2020  
(2014 Admission Onwards)

COM 2C08 : COSTING FOR MANAGEMENT DECISIONS

Time : 3 Hours

Max. Marks : 60

## SECTION – A

Answer **any four** questions. Each question carries 1 mark for Part (a), 3 marks for Part (b) and 5 marks for Part (c). (4×9=36)

1. a) What is CVP analysis ?  
b) Explain the assumptions of break even analysis.  
c) From the following data construct a break even chart  

Sales	=	7000 units @ Rs. 10 each
Fixed cost	=	Rs. 20,000
Variable cost	=	Rs. 6 per unit
2. a) Explain material variance.  
b) Write the differences between cost accounting and financial accounting.  
c) Explain variance analysis. What is the importance of variance analysis in cost control ?
3. a) What is cost reduction ?  
b) Explain the merits and demerits of cost reduction.  
c) Which the various techniques used for cost reduction ?
4. a) What are the elements of cost ?  
b) Standard wage rate is Rs. 2 per hour and standard time is 10 hours. But actual wage rate is Rs. 2.25 per hour and actual hours used are 12 hours. Calculate labour cost variance.  
c) Distinguish between cost control and cost reduction.



5. a) What is differential cost analysis ?  
 b) Distinguish between marginal costing and differential costing.  
 c) Discuss the use of CVP analysis and its significance of managerial decision making.
6. a) Define decision making.  
 b) Explain the phases included in managerial decision making process.  
 c) From the following data calculate :  
 I) P/V ratio.  
 II) Profit when sales are 2,50,000.  
 III) New BEP if selling price is reduced by 20%.
- |                |   |          |
|----------------|---|----------|
| Fixed expenses | = | 60,000   |
| BEP            | = | 1,50,000 |

## SECTION – B

Answer any two questions, each carries 12 marks.

(2×12=24)

7. a) The operating results of a Company for the two years are as follows :

	Sales Rs.	Profit Rs.
2016	2,70,000	6,000
2017	3,00,000	15,000

Assuming that the cost structure and the selling price per unit remain the same, you are required to Calculate :

- I) P/V ratio  
 II) Fixed Cost  
 III) BEP  
 IV) Variable cost during the two periods  
 V) Marginal cost at a profit of Rs. 24,000.

OR



- b) The direction of Cochin Trading Company Ltd. are considering the sales budget for the next budget period. The following information has been made available from the cost records.

	Product A	Product B
Direct Material	Rs. 20	Rs. 25
Direct Wages @ Rs. 2 per Hour	5 Hours	Rs. 7½ hours
Selling price	60	100

Variable overheads 100% of direct wages

Fixed overheads Rs. 10,000 per annum.

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

- I) 450 units of A and 300 units of B  
 II) 900 units of A only  
 III) 600 units of B only  
 IV) 600 units of A and 200 units of B.
8. a) Discuss the nature scope and importance of cost accounting.
- OR
- b) Define standard costing and explain its objectives. How standard costing is used as a cost control technique ? Explain.