



K22P 0212

Reg. No. :

Name :

II Semester M.Com. Degree (C.B.S.S. – Reg./Supple./Imp.)
Examination, April 2022
(2018 Admission Onwards)
COM2C08 : COSTING FOR MANAGEMENT DECISIONS

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c) :

1. a) What is Standard Costing ?
 b) What is the difference between current standard and basic standard ?
 c) The Standard material required to manufacture one unit of product X is 10 kgs and the standard price per kg of material is ₹ 25. The cost accounts records, however, reveal that 11,500 kgs of materials costing ₹ 2,76,000 were used for manufacturing 1,000 units of product X. Calculate material variances.
2. a) What is Contribution ?
 b) What is angle of incidence?
 c) From the following particulars calculate (i) Contribution (ii) P/V ratio (iii) Break even point in units and in rupees (iv) What will be the selling price per unit if the break even point is brought down to 25,000 units? (v) How many units are to be sold to earn a net income of 20% on sales ?
 Fixed expenses – ₹ 1,50,000 : Variable cost per unit – ₹ 10 : Selling price unit – ₹ 15.
3. a) What do you mean by value analysis technique ?
 b) Explain the difference between cost control and cost reduction.
 c) Plant A produces a product which costs ₹ 3 per unit when produced in quantities of 10,000 units and ₹ 2.50 per unit when produced in quantities of 20,000 units. Find out Fixed cost.

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4. a) What do you mean by Costing ?
 b) Differentiate between Financial Accounting and Cost Accounting.
 c) Modern Sewing Machines Co. manufactures hand operated sewing machines. Prepare a schedule showing differential cost and incremental revenue at each stage from the following data. At what volume the company should set its level of production ?

Output (No. in lakhs)	Selling price per machine (₹)	Total semi-fixed cost (₹ in lakhs)	Total variable cost (₹ in lakhs)	Total fixed cost (₹ in lakhs)
0.60	240	30	83.6	28.4
1.20	220	30	163.6	28.4
1.80	200	34	255.6	28.4
2.40	180	34	315.6	28.4
3.00	160	40	355.6	28.4
3.60	140	40	380.6	28.4

5. a) Define marginal cost.
 b) What are the objections against cost accounting ?
 c) Explain the meaning of variance analysis and describe its significance.
6. a) Express the relation between value, function and cost.
 b) What are the characteristics of differential cost?
 c) Explain with suitable examples a) Volume variance b) Calendar variance
 c) Capacity variance.

(4×9=36)

SECTION – B

Answer the **two** questions in this Section. **Each** question carries **12** marks.

7. a) What is differential cost ? Explain important applications of differential cost analysis ?

OR

- b) What is Break even chart ? What are the different types of Break-Even Chart ?



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8. a) The standard output of X is 25 units per hour in a manufacturing department of a company employing 100 workers. The standard wage rate per labour hour is ₹ 6. In a 42 hour week, the department produced 1,040 units of X despite the loss of 5% of the time paid due to abnormal reason. The hourly rates actually paid were ₹ 6.20, ₹ 6 and ₹ 5.70 respectively to 10, 30 and 60 workers. Compute Labour rate variance, Labour efficiency variance, Labour cost variance and Idle time variance.

OR

- b) Ridewell Coggle Ltd. purchases 20,000 bells per annum from an outside supplier at ₹ 5 each. The management feels that these be manufactured and not purchased. A machine costing ₹ 50,000 will be required to manufacture the item within the factory. The machine has an annual capacity of 30,000 units and life of 5 years. Following additional information is available :

Material cost per bell will be ₹ 2.00 : Labour cost per bell will be ₹ 1.00 ;
 Variable overheads 100% of labour cost.

You are required to advise whether –

- i) the company should continue to purchase the bells from the outside supplier or should make them in the factory and
- ii) the company should accept an order to supply 5,000 bells to the market at a selling price of ₹ 4.50 per unit ?

(2×12=24)