

**M.Com DEGREE (CSS) EXAMINATION, MARCH 2025****Fourth Semester (Regular/Supplementary - 2020 Admission Onwards)****Branch: Commerce (Finance and Taxation & Marketing and International Business)****PG20CO415 - ADVANCED COST AND MANAGEMENT ACCOUNTING**

Time: 3 hrs

Max. Weightage: 30

**PART A****(Answer any EIGHT questions. Each question has weightage ONE.)**

1. How will you Prepare a breakeven Chart?
2. What is meant by variance Analysis?
3. What are the objectives of ABC?
4. List out the situations under which Cost based transfer pricing is ideal.
5. What is skimming price policy?
6. A firm produces Product X in batches of 100 pieces. The standard fixed for direct materials per batch is 50 Kgs. @ ₹ 80 per Kgs = ₹ 4,000. Calculate Material Cost Variance if actual of cost of materials consumed is 48Kgs@ ₹ 81 per kg = ₹3,888 and units produced is 96.
7. You are required to calculate break even volume using the following data: Profit ₹5,000 (20% of sales); P/V Ratio 50%.
8. Find out BEP if: Selling price ₹20; FC ₹54000; VC per unit ₹15. What would be the new selling price if the BEP is to be brought down to 6000 units?
9. List the factors influencing the pricing decision.
10. A firm produces Product X in batches of 100 pieces. The standard fixed for direct materials per batch is 50 Kgs. @ ₹ 80 per Kgs = ₹ 4,000. Calculate Material Usage Variance if actual of cost of materials consumed is 55Kgs@ ₹ 80 per kg = ₹4,400 and units produced is 110.

**(8×1=8)****PART B****(Answer any SIX questions. Each question has weightage TWO.)**

11. The operating results of a company for the two years are as follows:

Year	Sales (₹)	Profit (₹)
2016	2,70,000	6,000
2017	3,00,000	15,000

**Turn over**

Assuming that the cost structure and the selling price per unit remain the same, calculate:

- (a) P / V Ratio
- (b) Fixed cost
- (c) BEP
- (d) Variable cost during the two periods
- (e) Marginal cost at a profit of 24,000.

12. The budgeted overheads and cost driver volumes of Neptune Ltd. are as follows:

Cost Pool	Budgeted overheads	Cost Drivers	Usage activities
Material procurement	2,90,000	Material orders	26
Material handling	1,25,000	Number of movements	18
Set-up	2,07,500	Number of Set-ups	25
Maintenance	4,85,000	Maintenance hours	690
Quality control	88,000	Number of Inspection	28
Machinery	3,60,000	Number of Machine hours	1,800

Calculate the Cost Driver Rate.

13. Explain how price is fixed under Cost oriented pricing method.

14. The following information is obtained from a standard cost card of a company.

Labour rate: 90 paise per hour

Hours: 3 hours per unit

Actual production data are:

Units produced: 250; Labour rate: ₹1.05 per hour; Hours worked: 800

Calculate various labour rate variances and Labour efficiency variance.

15. A company has two divisions, manufacturing and assembly. At a normal volume of 250,000 units of component YPY per year, production costs per unit are:

Direct Materials	40
Direct labour	20
Variable factory overheads	12
Fixed factory overheads	42
Total	₹114

The manufacturing division has been manufacturing and selling 2,50,000 components per year to outside buyers for ₹136 each. However, the division can manufacture 3,50,000 components per year. The assembly division has been buying the components from outside suppliers for ₹130 each. The assembly division has offered to purchase 90,000 units of component YPY from the manufacturing division at the rate of ₹104 per unit. Should the manager of Electrical Division accept the offer? Will an internal transfer be of any benefit to the company?

16. MJ Ltd. provides you following information. In a purely competitive market, 10,000 Tablets can be manufactured and sold and a certain profit is generated. It is estimated that 2,000 Tablets need be manufactured and sold in monopoly market to earn the same profit. Profit under both the conditions is targeted at ₹2,00,000. The variable cost per Tablet is ₹100 and the total fixed cost is ₹37,000. As a Management Accountant you are required to find out the unit selling price both under monopoly and competitive conditions.

17. Explain the method of pricing under Customary pricing method, Going rate pricing method and Sealed bid pricing method.
18. What is Differential Costing? What are the Practical applications of Differential Costing?  
(6×2=12)

**PART C**

**(Answer any TWO questions. Each question has weightage FIVE.)**

19. How price is fixed based on various market conditions and economic consideration?
20. Define Marginal Costing. What are the advantages and disadvantages of Marginal Costing?
21. Smart Ltd., manufactures four products P, Q, R and S. The cost data related to June 2021 are given below:

Product	P	Q	R	S
Number of units produced	160	120	100	200
Material cost per unit	40	60	20	80
Labour cost per unit	40	20	10	30
Machine hours per unit	3	2	1	4
Number of units in a batch of production run	20	10	25	50
No. of orders executed per batch	16	10	20	40
Number of units in a batch of sale	20	20	10	25
Number of requisitions raised on the stores	40	60	20	40

The production overheads (₹) during the period are as follows:

Factory works expenses	40,000
Set up costs	12,000
Stores receiving	8,000
Inspection/Quality control	4,000
Material handling and dispatch	10,000
Total overheads during the month	74,000

The production overhead is currently absorbed by using Machine-hour rate and now, the firm wishes to introduce Activity Based Costing system and has identified major cost pools and their associated cost drivers for production overheads as given below:

Activity Cost Pools	Cost Drivers
Factory Works Expenses	Machine-hours worked
Set up Costs	Number of production runs
Stores receiving	Stores Requisition raised
Inspection/Quality Control	Number of production runs
Material handling and dispatch	Number of orders executed

Calculate cost per unit under ABC.

22. What is material price variance. What are the steps involved in finding material price variance. Illustrate with an example.

(2×5=10)

**(END OF QUESTION PAPER)**