



K21P 0806

Reg. No. :

Name :



**II Semester M.Com. Degree (CBSS – Reg./Suppl. (Including Mercy Chance)/Imp.)
Examination, April 2021
(2014 Admission Onwards)**

COM2C08 : 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).

1. a) What is variance analysis ?
b) Explain the relevance of variance analysis to budgeting and standard costing.
c) A manufacturing concern, which has adopted standard costing, furnished the following information :
Standard Material for 70 kg finished product : 100 kg
Price of materials Re. 1 per kg
Actual output 2,10,000 kg
Material used 2,80,000 kg
Cost of material Rs. 2,52,000.
Calculate material variance.
2. a) What are product costs ?
b) Explain the assumptions of breakeven analysis.
c) "Cost accounting helps in managerial decision making". Explain.
3. a) What is BEP ?
b) What is control break even chart ? Explain its benefits.
c) Explain the steps included in construction of break-even chart with an example.
4. a) Define cost.
b) Explain the relationship between cost, estimate and price.
c) Write a note on the functions of cost accountant.
5. a) What is differential cost analysis ?
b) A company maintains a margin of safety of 25% on its current sales and earns a profit of ₹ 30 lakhs per annum. If the company has a profit volume (P/V) ratio of 40%, what will be the company's current sales value ?
c) Discuss the use of CVP analysis and its significance of managerial decision making.

P.T.O.



6. a) What is cost accounting ?
 b) Explain 'Cost centre' and 'cost unit'.
 c) Distinguish between differential cost analysis and marginal costing. (4×9=36)

SECTION – B

Answer **any two** questions. **Each** carries **12** marks.

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 following details relates to two products :

	Products	Price per unit
Selling price	A	Rs. 20
	B	Rs. 15
Variable cost	A	Rs. 16
	B	Rs. 13

Total fixed expenses Rs. 800.

Calculate the total contribution and profit for each of the following sales, sales mixtures and comment which sales mixture is advisable.

100 units of product A and 200 units of B

150 units of product A and 150 units of B

200 units of product A and 100 units of B.

8. a) Discuss the nature, scope and importance of cost accounting.

OR

- b) What is value analysis ? What are the advantages of value analysis ? Explain the steps in value analysis.

(2×12=24)