K24P 1122

Reg. No. : ....

Name : ....

Second Semester M.Com. Degree (C.B.C.S.S. – O.B.E. – Regular) Examination, April 2024
(2023 Admission)
CMCOM 02C07 – ADVANCED COST AND MANAGEMENT ACCOUNTING

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any five** questions in this Section. **Each** question carries **3** marks.

1. Define "process costing". State its features.

2. What is a "cash budget" ? List out its advantages.

3. Calculate the sales value required to earn a profit of ₹ 90,000 under the following circumstances :

Sales	₹ 6,00,000
Variable cost	₹ 4,20,000
Fixed cost	₹ 1,20,000

4. How does marginal costing differ from absorption costing ?

5. Mention the key differences between joint product and by product.

6. Product A requires 10 kg of material at the rate of ₹ 4 per kg. The actual consumption of material for the manufacturing of Product A came to 12 kg of material at the rate of ₹ 4.50 per kg. Calculate the material cost variance.

(5×3=15)

SECTION – B

Answer **any three** questions in this Section. **Each** question carries **5** marks.

7. Define "standard costing." State its features and advantages.

8. How do normal losses differ from abnormal losses in process costing ?

9. Summarise the steps involved in budgeting and budgetary control.

P.T.O.

10. What is meant by "responsibility accounting" ? Discuss briefly its merits and demerits.

11. Prepare a flexible budget @ 80% activity based on the following information :

Production (@ 50% capacity)	–	5,000 units
Raw materials	–	₹ 80 per unit
Direct labour	–	₹ 50 per unit
Expenses	–	₹ 15 per unit
Factory expenses	–	₹ 50,000 (50% variable)
Administrative expenses	–	₹ 60,000 (60% variable)

(3×5=15)

SECTION – C

Answer **any three** questions in this Section. **Each** question carries **10** marks.

12. India Ltd. manufactures a particular product, the standard direct labour cost of which is ₹ 120 per unit whose manufacture involves the following :

Type of workers	Hours	Rate (₹)	Amount (₹)
A	30	2	60
B	20	3	60
	50		**120**

During a period, 100 units of the product were produced, the actual labour cost of which was as follows :

Type of workers	Hours	Rate (₹)	Amount (₹)
A	3,200	1.50	4,800
B	1,900	4.00	7,600
	5,100		**12,400**

Calculate the following :

i) Labour cost variance
ii) Labour rate variance
iii) Labour efficiency variance and
iv) Labour mix variance.

13. What is "Break-Even Analysis ?" Detail its assumptions, benefits and limitations.

14. Distinguish between Traditional Budgeting and Zero-Based Budgeting (ZBB). Enumerate the merits and demerits of ZBB.

15. The following is the information collected from the cost records of a company :

Selling price per unit (₹)	20
Variable cost per unit (₹)	15
Fixed cost (₹)	4,000
Output	2,000 units

Calculate :

i) P/V ratio

ii) Present profit

iii) Profit when output is 2,500 units

iv) No. of units to be sold to obtain a profit of ₹ 10,000.

16. Prepare a statement of equivalent production, statement of cost and process account from the following information using the average costing method.

Opening stock	50,000 units
Material	₹ 25,000
Labour	₹ 10,000
Overheads	₹ 25,000
Units introduced	20,00,000 units
Materials	₹ 1,00,000
Wages	₹ 75,000
Overheads	₹ 70,000

During the period 1,50,000 units were completed and transferred to Process II.

Closing stock 1,00,000 units.

Degree of completion :

a) Material – 100 %; b) Labour – 50% and c) Overheads – 40 %. **(3×10=30)**