



M 27268

Reg. No. :

Name :

**Second Semester M.A./M.Sc./M.Com. Degree (Regular/Supplementary/
Improvement) Examination, March 2015
(2014 Admn. Onwards)**

COMMERCE

COM 2C08 : 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) Define differential costing ?
b) What are its applications ?
c) State the characteristics of differential costs.
2. a) What will be the P/V Ratio, if selling price is Rs. 20 per unit and variable cost is Rs.12 per unit ?
b) Calculate Break Even point, if fixed expenses = Rs. 3,00,000; variable cost per unit = Rs. 20 and selling price per unit = Rs. 30.
c) What will be the selling price per unit, if the B.E.P. is brought down to 25,000 units ?
3. a) What is the meaning of cost reduction ?
b) Explain essentials for success of a cost reduction programme.
c) What are the areas in which cost reduction may be implemented ?
4. a) What do you mean by 'Cost Accounting' ?
b) 'Both the technique and process of costing depend upon different factors'. Explain the factors.
c) How you distinguish between cost centres and cost units with suitable examples ?

P.T.O.



5. a) What is material yield variance ?
 b) Explain the method of calculating MYV.
 c) A Garment industry presents the following information :
 As per standard for manufacturing one shirt, cloth 2 meters @ Rs. 100 should be used. In the year 2014, 8,000 shirts were manufactured and cloth was used 17,000 meter @ Rs. 90 per metre. Find out material cost variance.
6. a) What do you mean by variable profit ratio ?
 b) "A higher ratio means a greater profitability and vice versa". So management will increase P/V ratio. State your reasons.
 c) 'Calculate the selling price per unit, if P/V Ratio 20%, Variable cost per unit = Rs. 6. (4×9=36)

SECTION – B

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

7. a) Compare and contrast the differential cost analysis and marginal costing.

OR

- b) Explain the scope and areas of cost reduction programme.
8. a) A Ltd. has to evaluate two possible processes for the manufacture of a TV component and presents before you the following figures :

	Process A	Process B
	Rs.	Rs.
Variable cost per unit	12	14
Sale price per unit	20	20
Total fixed cost per year	30,00,000	21,00,000
Capacity (in units)	4,30,000	5,00,000



Anticipated sales

(In next two years in units) 4,00,000 4,00,000

You are required to advise the management of A Ltd :

- a) Which process should be selected ?
- b) Will you change above answer, if you are informed that the capacities of the two processes are
A – 6,00,000 units; and B – 5,00,000 units and why ?

OR

b) Calculate various overhead variances with the information given below :

	Actual	Standard
No. of working Days	22	20
Man Hours per day	8,400	8,000
Output per man hour	0.9 units	1.00 unit
Overhead cost	Rs. 1,68,000	Rs. 1,60,000
