



K18P 0199

Reg. No. :

Name :

**Second Semester M.Com. Degree (Regular/Supplementary/Improvement)
Examination, March 2018
(2014 admn. Onwards)**

COM 2C08 : 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) Define Value Analysis.
b) What is Value engineering ?
c) Explain the merits of Value analysis.
2. a) Define Differential Costing.
b) What are the characteristic features of differential costing ?
c) Distinguish between Differential Costing and Marginal Costing.
3. a) Define Costing.
b) Explain the scope of cost accounting.
c) What are the advantages of cost accounting ?
4. a) What is margin of safety ?
b) Explain angle of incidence.
c) Calculate :
 - i) P/V Ratio
 - ii) BEP and
 - iii) Margin of safety from the following

Sales	Rs. 60,000
Variable Cost	Rs. 30,000
Fixed Cost	Rs. 15,000

P.T.O.



5. a) Define standard costing.
 b) What are the limitations of standard costing ?
 c) Calculate :
 i) MCV
 ii) MPV
 iii) MUV and
 iv) MMV for the following.

Materials	Std. Qty.	Std. Price	Actual Qty.	Actual Price
A	40 Kg.	Rs. 10	50 Kg.	Rs. 12
B	60 Kg.	Rs. 5	50 Kg.	Rs. 8

6. a) Define cost of capital.
 b) Explain various methods for determining cost of equity capital.
 c) The shares of a company are selling at Rs. 40 per share and it had paid a dividend of Rs. 4 per share last year. The investors market expects a growth rate of 5% per year. Compute the company's cost of equity capital.

(4×9=36)

SECTION – B

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

7. a) What is cost reduction ? How it differs from cost control ? Explain the advantages and disadvantages of cost reduction.

OR

- b) Define marginal costing. Explain the managerial applications of marginal costing.
8. a) The following data is taken out from the books of a manufacturing concern :
- Budgeted Labour Competition :
- 20 Men @ Rs. 1.25 per unit for 25 hours.
 30 Women @ Rs. 1.10 per unit for 30 hours.
- Actual Labour Composition :
- 25 Men @ Rs. 1.50 per unit for 24 hours.
 25 Women @ Rs. 1.20 per unit for 25 hours.



Calculate :

- i) Labour Cost Variance
- ii) Labour Rate Variance
- iii) Labour Efficiency Variance
- iv) Labour Mix Variance.

OR

b) A company budgets a production of 5,00,000 units at a variable cost of Rs. 20 each. The fixed costs are Rs. 20,00,000. The selling price is fixed to yield 25% on cost. You are required to calculate :

- a) P/V Ratio and BEP at the present level.
- b) If the selling price is reduced by 20%, what should be the new P/V ratio and BEP ? **(2×12=24)**
