Reg. No .... Name **25P4009**

M. COM DEGREE END SEMESTER EXAMINATION- MARCH 2025

SEMESTER 4 : COMMERCE

COURSE : **21P4COMT16EL ; ADVANCED COST ACCOUNTING**

(For Regular - 2023 Admission and Supplementary 2022/2021 Admissions)

Duration : Three Hours Max. Weights: 30

PART A

Answer any 8 questions **Weight: 1**

1. What is meant by CVP analysis? (U)
2. What is material yield variance? (U)
3. Define Target Costing. How this technique helps to control the cost ? (U)
4. Define Activity based costing. (U)
5. What is Life Cost Planning ? (U)
6. Describe four levels of cost hierarchy. (U)
7. What is yield variance? (U)
8. Explain the opportunity cost approach to transfer pricing. (U)
9. Sales of S. Chand and Co. were Rs.30,000 producing a profit of Rs.800 in a week. In the next week sales amounted to Rs.38,000 producing profit of Rs.2,400.Find out the break even point. (A)
10. What is Kaizen Costing? (U)

(1 x 8 = 8)

PART B

Answer any 6 questions **Weights: 2**

11. **From** the following data, construct a Profit volume chart and show B.E.P. (A)
Present sales (10,000 units @ Rs. 20) = Rs. 2,00,000
Net profit = Rs. 30,000 Variable Cost = Rs. 12
12. How P.V.Ratio guide managerial decisions? (U)
13. Enumerate and briefly explain any three methods of determining transfer prices. (U)
14. The following information relates to H company ordering activity for the period: (A)

Particulars	Budget	Actual
Output	20,000 units	21,000 units
Activity level	4,000 orders	3,600 orders
Activity cost	18,0000	16,8000

Required:
Calculate the overhead rate variance and the overhead efficiency variance for the ordering activity.

15. From the following information, Calculate Sales Mix Variance for the month of May 2015 (A)

Products		Standard			Actual	
	Quantity	Rate	Amount	Quantity	Rate	Amount
A	1000	100	100000	1200	18	15840
B	700	200	140000	800	20	17600
C	500	300	80000	600	38	100320
D	300	500	150000	400	600	240000
	2500		540000	3000		690000

16. What are the reasons for material price variance? (U)
17. M/s Moon Light Co. Ltd. fixes the interdivisional transfer prices for its products on the basis of cost plus an estimated return on investment in its division. The relevant particulars of the budget for the Division 'X' for the year 2019-20 is given below: (A)

Particulars	Amount
Fixed assets	6,00,000
Current assets (other than cash at bank)	3,00,000
Cash at bank	1,00,000
Yearly fixed cost for the division	9,00,000
Variable cost per unit	10
Budgeted volume of production per year (in units)	5,00,000
Desired return on investment	30%

You are required to determine the transfer price for Division 'X'.

18. What are the cost involved at different stages in the product life cycle? (U)

(2 x 6 = 12)

PART C

Answer any 2 questions **Weights: 5**

19. A company manufactures three types of products namely P,Q and R. The data relating to a period are as under:

	P	Q	R
Machine hours per unit	10	18	14
Direct labour hours per unit @₹20	4	12	8
Direct material per unit(₹)	90	80	120
Production (units)	3000	5000	20000

Currently the company uses traditional costing method and absorbs all production overheads on the basis of machine hours. The machine hour rate of overheads is ₹6 per hour.

The company proposes to use activity analysis is as under. (A)

	P	Q	R
Batch size(units)	150	500	1,000
Number of purchases orders per batch	3	10	8
Number of inspections per batch	5	4	3

The total production overheads are analysed as under:

Machine set up costs	20%
Machine operation costs	30%
Inspection costs	40%
Material procurement related costs	10%

Required:

a) Calculate the cost per unit of each product using traditional method of absorbing all production overheads on the basis of machine hours.

b) Calculate the cost per unit of each product using activity costing principles.

20. Western division of a large multinational company was prepared the following forecast for the year 2016: (A)

Profit before depreciation	1,00,000
Depreciation	25,000
Net current assets at 1-1-2016	50,000
Net value of fixed assets of 1-1-2016	2,00,000

The company's cost of capital is 10%

The division is considering selling a fixed asset with net book value of ₹7,500 which, after depreciation of ₹600, generates a profit per annum of ₹3,000. The proceeds and a subsidy from head office would be used to purchase a new machine for ₹20,000 which would generate an annual profit of ₹6,000 after depreciation of ₹1,500.

Requires :

a) Assuming western division does not sell and replace the machine using the opening balance sheet value calculate.

The division return on investment -the division residual income.

b) If the machine is sold and replaced, calculate

Division return on investment -division residual income.

21. The standard cost of a certain chemical mixture is:
Material P - 40% at Rs. 20 per tonne
Material Q - 60% at Rs. 30 per tonne
A standard loss of 10% as expected in production. During a period there is used :
90 tonnes material P at the cost of Rs. 18 per tonne; 110 tonnes material Q at the cost of Rs. 354 per tonne. (A)
The weight produced is 182 tonnes of good production.
Calculate: (a) material cost variance, (b) material price variance, (c) material mix variance and (d) material yield variance.

22. An automobile manufacturing company finds that while the cost of making in its own workshop part No.0038 is Rs.6.00 each, the same is available in market at Rs 5.60 with an assurance of continuous supply. Write a report to the Managing Director giving your views whether to make or buy this part. Give also your views in case the suppliers reduce the price from Rs 5.60 to Rs 4.60.The cost data is as follows: (A)

	Rs
Materials	2.00
Direct Labour	2.50
Other variable costs	0.50
Depreciation and other fixed costs	1.00

(5 x 2 = 10)

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;