Reg. No .... Name **26P410-S**

M. COM DEGREE END SEMESTER EXAMINATION- MARCH 2026

SEMESTER 4 : COMMERCE

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

(For Supplementary 2023/ 2022/2021 Admissions)

Time : Three Hours Max. Weights: 30

PART A

Answer any 8 questions **Weight: 1**

1. Given:
Break even volume Rs. 8,000; Fixed costs Rs. 3,200; Find out profit when sales are Rs. 10,000 (A)
2. What are the components of target costing process? (E)
3. What is Life Cost Analysis ? (U)
4. What is wage revision variance? (U)
5. What you mean by Angle of incidence? (U)
6. What is Expected standard? (U)
7. Why is transfer price necessary in the organisation? (U)
8. What is customer profitability analysis? (R)
9. Identify five types of wastages which can be eliminated by adopting Kaizen. (U)
10. Explain cost pools. (U)

(1 x 8 = 8)

PART B

Answer any 6 questions **Weights: 2**

11. In transfer pricing what is common conflict between a division and the company as a whole? (An)
12. From the following particulars, calculate Labour Variance: (A)
Standard hours = 200
Standard rate for actual production = Re. 1 per hour
Actual hour =190
Actual Rate = Rs. 1.25 per hour
13. A and B are two divisions of a company. A makes a single product, which it sells only to B for incorporation into B's products. The relevant costs and revenue are: (A)

Quantity (units)	Costs to A (after deducting own variable costs)(Rs)	Revenue of B (Rs)
100	150	300
200	240	400
300	320	490
400	400	570
500	510	640

What is the appropriate transfer price per unit between divisions A and B, and how many units should be produced?

14. What are the main steps in the application of Life Cycle Costing Model ? (U)

15. Define 'marginal cost' and 'marginal costing'. How are variable cost and fixed costs treated in marginal costing? (An)

16. A company manufactures two products A and B using common facilities. The following cost data for a month are presented to you: (A)

	A	B
Units produced	1,000	2,000
Direct labour hours per unit	2	3
Machine hours per unit	6	1.5
Set-up of machines	15	50
Orders	18	70

Machine Activity Expenses Rs. 3,00,000
Set-up Related Expenses Rs. 30,000
Expenses Relating to Orders Rs. 35,000
Calculate the Overheads per unit absorbed using activity-based costing approach.

17. Explain the different classification of variance. (R)

18. In a purely competitive market 10,000 units of a product can be manufactured and sold and certain amount of profit is generated. It is estimated that 2,000 units of that product need to be manufactured and sold in a monopoly mkt to earn the same amount of profit. Profit under the both the mkt condition is targeted at Rs.2,00,000. VC/unit is Rs.100 and the total FC is Rs.60,000. You are required to determine the SP under both monopoly and competitive conditions. (A)

(2 x 6 = 12)

PART C

Answer any 2 questions **Weights: 5**

19. Apna paridhan limited is engaged in production of three types of baby suits :baby , babu, and superman. During the year ended 31 st march 2020 the company produced and sold 80,000 baby suits, 48,000 Babu suits, and 36,000 superman suits. The cost details are as follows: (A)

a) Per unit material and labour costs:

	Baby (₹)	Babu (₹)	Superman (₹)
Material	120	180	260
Labour @₹60 per hour	150	195	270

b) Overheads

Activity cost pool	Associated cost
Purchasing section	20,30,200
Machine setup	39,65,000
Delivery section	31,50,000
Labour amenities and welfare	77,70,000
Customer support	38,04,800

You are required to calculate total cost per suit for each type of suits by using:

1. Traditional costing system if the overheads are charged on direct labour hour rate basis.

2. Activity based costing system if the additional information required under this system is as given below:

c) Activity utilised

Activity cost pool	Cost driver	aby suits	Babu suits	Superman suits
Purchasing section	No of purchase orders	400	250	350
Machine setup	Production runs	1100	750	1200
Delivery section	No of deliveries	700	440	960
Labour amenities and welfare	Direct labour hours			
Customer support	Sales unit			

Show the calculation for the amount upto two decimal points

20. From the following informations calculate (a) Calendar Variance (b) Capacity Variance (c) Efficiency Variance and (d) Volume Variance:
Actual Overheads Rs. 1,800
Budgeted Overheads Rs. 2,000
Budgeted period 4,000 labour hours
Standard hours per unit 10 labour hours (A)
Budgeted number of days 20
Standard overhead per hour Re. 0.50
Actual number of days 22
Actual hours 4,300
Actual production 425 units.

21. Present the following information to show to the management

1. Marginal product cost and contribution per unit
2. The total contribution and profit resulting from each of the following sales mixture
3. The proposed sales mix to earn a profit of Rs 250 and Rs.300 with total sales of A & B being 300 units

Particulars	Product A	Product B
Direct material (per unit)	10	9
Direct wages (per unit)	3	2
Selling price (per unit)	20	15

(A)

Fixed expenses Rs.800

Variable expenses are allocated to product as 100% of direct wages

Sales mixture

a. 100 units of product A and 200 units of product B
b. 150 units of product A and 150 units of product B
c. 200 units of product A and 100 units of product B

Recommend which of the following sales mixture should be adopted.

22. GL Ltd. is a multi-product manufacturing concern functioning with four divisions. The Electrical Division of the company is producing many electrical products including electrical switches. This division functioning (A)

at its maximum capacity sells its switches in the open market at 25 each. The variable cost per switch to the division is 16.

The Household Division, another division of GL Ltd., functioning at 70% capacity asked The Electrical Division to supply 5,000 switches per month at the rate of Rs.18 each to fit in night lamps produced by it. The total cost per night lamp is being estimated as detailed below:

Components purchased from outside	Rs. 50
Switch if purchased internally	18
Other variable Costs	40
Fixed Overheads	21
Total Cost per night lamp	129

The Household Division is marketing night lamps at a price of 130 each, with a very small margin, as it is doing business in a very competitive environment. Any increase in price made by the division will push out the division from the market. Therefore, the division cannot pay anything more for switches to the Electrical Division. Further, the manager of the division informed that it is very much essential to keep on the market share for night lamps by the Household Division to retain the experienced workers of the division. The company is using return on investments (ROI) as a scale to measure the divisional performances and also marginal costing approach for decision making.

Required:

a) Would you recommend the supply of switches to Household Division by Electrical Division at a price of 18 each? Substantiate your recommendation with suitable reasons.

b) Analyze whether it would be beneficial to the company as a whole the supply of switches to Household Division at a unit price of 18 by Electrical Division.

c) Do you feel that the Divisional Managers should accept the inter-divisional transfers in principle? If yes, what should be the range of transfer price?

(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;