



K21P 0806

Reg. No. :

Name :

**II Semester M.Com. Degree (CBSS – Reg/Suppl. (Including Mercy Chance)/Imp.)
Examination, April 2021
(2014 Admission Onwards)**

COM2C08 : 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) What is variance analysis ?
b) Explain the relevance of variance analysis to budgeting and standard costing.
c) A manufacturing concern, which has adopted standard costing, furnished the following information :
Standard Material for 70 kg finished product : 100 kg
Price of materials Re. 1 per kg
Actual output 2,10,000 kg
Material used 2,80,000 kg
Cost of material Rs. 2,52,000.
Calculate material variance.
2. a) What are product costs ?
b) Explain the assumptions of breakeven analysis.
c) "Cost accounting helps in managerial decision making". Explain.
3. a) What is BEP ?
b) What is control break even chart ? Explain its benefits.
c) Explain the steps included in construction of break-even chart with an example.
4. a) Define cost.
b) Explain the relationship between cost, estimate and price.
c) Write a note on the functions of cost accountant.
5. a) What is differential cost analysis ?
b) A company maintains a margin of safety of 25% on its current sales and earns a profit of ₹ 30 lakhs per annum. If the company has a profit volume (P/V) ratio of 40%, what will be the company's current sales value ?
c) Discuss the use of CVP analysis and its significance of managerial decision making.

P.T.O.



6. a) What is cost accounting ?
 b) Explain 'Cost centre' and 'cost unit'.
 c) Distinguish between differential cost analysis and marginal costing. (4×9=36)

SECTION – B

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

7. a) The operating results of a company for the two years are as follows :

	Sales Rs.	Profit Rs.
2016	2,70,000	6,000
2017	3,00,000	15,000

Assuming that the cost structure and the selling price per unit remain the same, you are required to calculate :

- I) P/V ratio
- II) Fixed cost
- III) BEP
- IV) Variable cost during the two periods
- V) Marginal cost at a profit of Rs. 24,000.

OR

- b) The following details relates to two products :

	Products	Price per unit
Selling price	A	Rs. 20
	B	Rs. 15
Variable cost	A	Rs. 16
	B	Rs. 13

Total fixed expenses Rs. 800.

Calculate the total contribution and profit for each of the following sales, sales mixtures and comment which sales mixture is advisable.

100 units of product A and 200 units of B

150 units of product A and 150 units of B

200 units of product A and 100 units of B.

8. a) Discuss the nature, scope and importance of cost accounting.

OR

- b) What is value analysis ? What are the advantages of value analysis ? Explain the steps in value analysis.

(2×12=24)



K20P 0369

Reg. No. :

Name :

**II Semester M.Com. Degree (CBSS – Reg./Suppl./Imp.) Examination, April 2020
(2014 Admission 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). **(4×9=36)**

1. a) What is CVP analysis ?
b) Explain the assumptions of break even analysis.
c) From the following data construct a break even chart
Sales = 7000 units @ Rs. 10 each
Fixed cost = Rs. 20,000
Variable cost = Rs. 6 per unit
2. a) Explain material variance.
b) Write the differences between cost accounting and financial accounting.
c) Explain variance analysis. What is the importance of variance analysis in cost control ?
3. a) What is cost reduction ?
b) Explain the merits and demerits of cost reduction.
c) Which the various techniques used for cost reduction ?
4. a) What are the elements of cost ?
b) Standard wage rate is Rs. 2 per hour and standard time is 10 hours. But actual wage rate is Rs. 2.25 per hour and actual hours used are 12 hours. Calculate labour cost variance.
c) Distinguish between cost control and cost reduction.

P.T.O.



5. a) What is differential cost analysis ?
b) Distinguish between marginal costing and differential costing.
c) Discuss the use of CVP analysis and its significance of managerial decision making.
6. a) Define decision making.
b) Explain the phases included in managerial decision making process.
c) From the following data calculate :
I) P/V ratio.
II) Profit when sales are 2,50,000.
III) New BEP if selling price is reduced by 20%.
- | | | |
|----------------|---|----------|
| Fixed expenses | = | 60,000 |
| BEP | = | 1,50,000 |

SECTION – B

Answer **any two** questions, **each** carries **12** marks.

(2×12=24)

7. a) The operating results of a Company for the two years are as follows :

	Sales Rs.	Profit Rs.
2016	2,70,000	6,000
2017	3,00,000	15,000

Assuming that the cost structure and the selling price per unit remain the same, you are required to Calculate :

- I) P/V ratio
II) Fixed Cost
III) BEP
IV) Variable cost during the two periods
V) Marginal cost at a profit of Rs. 24,000.

OR



- b) The direction of Cochin Trading Company Ltd. are considering the sales budget for the next budget period. The following information has been made available from the cost records.

	Product A	Product B
Direct Material	Rs. 20	Rs. 25
Direct Wages @ Rs. 2 per Hour	5 Hours	Rs. 7½ hours
Selling price	60	100

Variable overheads 100% of direct wages

Fixed overheads Rs. 10,000 per annum.

You are required to present to the management a statement showing the marginal cost of each product and to recommend which of the following sales mix should be adopted.

- I) 450 units of A and 300 units of B
 - II) 900 units of A only
 - III) 600 units of B only
 - IV) 600 units of A and 200 units of B.
8. a) Discuss the nature scope and importance of cost accounting.

OR

- b) Define standard costing and explain its objectives. How standard costing is used as a cost control technique ? Explain.
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K19P 0317

Reg. No. :

Name :

II Semester M.Com. Degree (Reg./Suppl./Imp.) Examination, April 2019
(2014 Admission Onwards)

COM2C 08 : 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 cost accounting.
b) What are the objectives of cost accounting ?
c) Distinguish between differential cost analysis and marginal costing.
2. a) What is material cost variance ?
b) Explain variance analysis. What is the importance of variance analysis in cost control ?
c) Explain the different kinds of variances and their uses.
3. a) What is break-even point ?
b) Explain the types of break-even charts used for break-even analysis.
c) From the following information, calculate the break-even point in units and in sales value :
Output = 3000 units
Selling price per unit = Rs. 30
Variable cost per unit = Rs. 20
Total fixed cost = Rs. 20,000.

P.T.O.



4. a) What is value analysis ?
b) Explain the basic steps in value analysis.
c) Calculate labour cost variance from the information :
- | | | |
|-----------------------|---|-------------------|
| Standard production | : | 100 units |
| Standard Hours | : | 500 hours |
| Wage rate per hour | : | Rs. 2 |
| Actual production | : | 85 units |
| Actual time taken | : | 450 hours |
| Actual wage rate paid | : | Rs. 2.10 per hour |
5. a) Define marginal costing.
b) Discuss the use of CVP analysis and its significance of management.
c) "Product design provides the grates scope for cost reduction" Discuss.
6. a) Define decision making.
b) Explain the phases included in managerial decision making process.
c) A manufacturing company finds that while the cost of making a component No. 321 in its workshop is Rs. 8 each, the same is available in the market at Rs. 6.50 with an assurance of continuous supply. Give your suggestion whether to make or buy this component. Give also your views in case the supplier reduces the price from Rs. 6.50 to Rs. 5.50 the cost data is as follows :
- | | |
|---------------------------------------|---------|
| Materials | = Rs. 3 |
| Direct Labour | = Rs. 2 |
| Other Variable Expenses | = Rs. 1 |
| Depreciation and other fixed expenses | = Rs. 2 |



SECTION – B

Answer **any two** questions, **each** carries **12** marks.

7. a) Company A and company B both under the same management make an sell same type of product. Their budgeted profit and loss accounts for the year ending 2017 are as follows :

	Company A		Company B	
	Rs.	Rs.	Rs.	Rs.
Sales		3,00,000		3,00,000
Less, Variable cost	2,40,000		2,00,000	
Fixed Cost	30,000	2,70,000	70,000	2,70,000
		30,000		30,000

You are required to :

- Calculate the break even points for each company.
- Calculate the sales value at which each of the two companies will make a profit of Rs. 10,000.
- State which company is likely to earn greater profits in conditions of :
 - i) Heavy demand for the product
 - ii) Low demand for the product

Give your reason.

OR



- b) From the following data relates to one year's working at 100% capacity level in a manufacturing business.

Sales = Rs. 10,00,000

Fixed cost = Rs. 1,20,000

Variable cost = Rs. 2,00,000

Direct wages = Rs. 1,50,000

Direct Materials = Rs. 4,10,000

Construct a break even chart and explain the terms margin of safety and angle of incidence. Verify your result by calculations.

8. a) What is cost reduction ? Explain the merits of cost reduction. What are the techniques of cost reduction ?

OR

- b) Define standard costing and explain its objectives. "Standard costing is used as a cost control technique". Explain.
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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)**



K17P 0635

Reg. No. :

Name :

Second Semester M.Com. Degree (Reg./Suppl./Imp.)
Examination, March 2017
(2014 Admn. Onwards)
COM2C08 : 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 Cost Accounting.
b) What are the objectives of Cost Accounting ?
c) Explain the scope of Cost Accounting.
2. a) Define Marginal Costing.
b) What is CVP analysis ?
c) Distinguish between Marginal Costing and differential costing.
3. a) What is Contribution Margin ?
b) What is P/V Ratio ?
c) From the following particulars find out :
 - i) P/V Ratio
 - ii) Fixed Cost
 - iii) Sales Volume.To earn a profit of Rs. 40,000
Sales – Rs. 1,00,000
Profit – Rs. 10,000
Variable cost – 70%

P.T.O.



4. a) Define standard costing
 b) Explain variance analysis.
 c) From the following figures, find out material variances :

Products	Std.Qty.	Std. Price	Actual Qty.	Actual Price
A	1050	2.00	1100	2.25
B	1500	3.25	1400	3.50

5. a) What is BEP ?
 b) What are the different types of Break-even points ?
 c) From the following particulars, find out BEP :

Variable cost per unit – Rs. 15

Selling price per unit – Rs. 20

Fixed expenses – Rs. 54,000.

What should be the selling price if the BEP should be brought down to 6000 units ?

6. a) Define cost of capital.
 b) What is Weighted Average Cost of Capital ?
 c) A Ltd., issues Rs. 10,00,000, 10% redeemable debentures at a discount of 5%. The cost of floatation amounts to Rs. 30,000. The debentures are redeemable after 5 years. Calculate after tax cost of debt assuming a tax rate of 50%. (4x9=36)

SECTION – B

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

7. a) What is value analysis ? What are the advantages of value analysis ? Explain the steps in value analysis.

OR

- b) What is Cost Reduction ? Explain the merits of cost reduction. What are the techniques of cost reduction ?



8. a) Following details relates to two products :

	Products	Price per unit
Selling Price	A	Rs. 20
	B	Rs. 15
Variable Cost	A	Rs. 16
	B	Rs. 13

Total Fixed expenses Rs. 800.

Calculate the total contribution and profit for each of the following sales mixtures and comment which sales mixture is advisable :

Sales mixtures :

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

OR

b) You are given the following data for the next year of a factory :

Budgeted out put – 80,000 Units

Fixed expenses – Rs. 4,00,000

Variable Cost per unit – Rs. 10

Selling price per unit – Rs. 20

Draw a break-even chart showing the BEP.

(2×12=24)



K16P 0450

Reg. No. :

Name :

**Second Semester M.Com. Degree (Regular/Supplementary/
Improvement) Examination, March 2016
(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) What do you understand by cost control ?
b) What are the elements of cost control scheme ?
c) Briefly explain cost control techniques.
2. a) Define differential cost.
b) Distinguish between differential cost analysis and marginal costing.
c) At present, a company is working at 90% of its capacity and producing 13,500 units per annum. Its budget discloses the following data :

	90%	100%
	Rs.	Rs.
1) Sales	7,50,000	8,00,000
2) Fixed expenses	1,50,250	1,50,250
3) Semi-fixed expenses	48,750	50,250
4) Units produced	13,500	15,000
5) Variable expenses	72,500	74,750

Labour and material costs per unit are constant under the present conditions. Profit margin 10%. You are required to determine the differential cost of producing 1,500 units by increasing capacity to 100%.

P.T.O.



3. a) What is interlocked budgets ?
b) State objectives of budgetary control.
c) Point out the ratios with which the management can judge the performance of the budgetary control.
4. a) Define overhead variance.
b) Briefly explain different kinds of overhead variances.
c) Calculate expenditure variance from the following :
Standard output for the year – 4000 units
Actual output for the year – 5000 units
Standard variable overhead – Rs. 16,000
Actual variable overheads – Rs. 19,400.
5. a) What do you mean by margin of safety ?
b) Explain the methods used by the management to increase margin of safety.
c) Calculate the profits from the following :
a) Margin of safety Rs. 30,000 and P/V ratio 20% and
b) Sales Rs. 10,000, margin of safety 30%; and P/V ratio 20%.
6. a) What is Basic standard ?
b) Distinguish between cost centre and profit centre.
c) Explain features of variance calculations. (4×9=36)

SECTION – B

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

7. a) Explain different techniques of costing. On what grounds cost accounting is criticised ?

OR

- b) Discuss basic characteristics of marginal costing. State different methods for the calculation of marginal cost.



8. a) A Ltd. notices that while the cost of making a components is Rs. 20, the same is available in the market at Rs. 18 with an assurance of regular supply; Give your opinion to make it or buy the component. The cost information is as under :

	Rs.	
Material	7.00	
Direct labour	8.00	
Variable expenses	2.00	
Fixed expenses	<u>3.00</u>	Rs. 20.00

- i) What will be your advise, if the supplier reduces the price from Rs. 18 to Rs. 16 ?
- ii) Over and above the cost factor what points should also be considered before taking the make or buy decision ?

OR

b) From the data given below, you are required to compute variable overhead variance.

	Standard	Actual
Production	2500 units	2,000 units
Labour hours per unit	2	3
Total labour hours	5,000	6,000
Variable overhead	Rs. 10,000	Rs. 10,800

(2x12=24)



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



M 25151

Reg. No. :

Name :

II Semester M.A./M.Sc./M.Com. Degree (Reg./Sup./Imp.)
Examination, March 2014
COMMERCE
Paper – VII : Costing for Managerial Decision Making

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **any five** questions. **Each** question carries **equal** marks : **(5×8=40)**

1. Explain fully the concept and characteristics of differential costs.
2. "The technique of Marginal Costing can be a valuable aid to management". Discuss.
3. From the following particulars, find out the BEP :

	Rs.
Variable cost per unit	– 15
Fixed Expenses	– 54,000
Selling price per unit	– 20

What should be the selling price per unit. If BEP should be brought down to 6000 units ?

4. Discuss how value analysis can be applied in a manufacturing organisation to bring down the cost of production.
5. What is cost of capital ? Explain the significance of cost of capital.
6. What do you understand by contribution ? How does it help the management in solving various problems ?
7. What are the different types of reports ?
8. Draw a break-even chart with a few illustrative figures. Explain the cost-volume-profit relationship.

P.T.O.



SECTION – B

Answer **any two** questions. All questions carry **equal** marks : (2×20=40)

9. Calculate :

- 1) The amount of fixed expenses
- 2) The number of units to B.E.
- 3) The number of units to earn a profit of Rs. 40,000

The selling price per unit can be assumed at Rs. 100.

The company sold in two successive periods 7000 units and 9000 units and has incurred a loss of Rs. 10,000 and earned Rs. 10,000 on profit respectively.

10. A company issues 1000 equity shares of Rs. 100 each at a premium of 10%. The company has been paying 20% dividend to equity share holders for the past five years and expects to maintain the same in the future also. Compute the cost of equity capital. Will it make any difference if the market price of equity share in Rs. 160/- ?

11. A company has capacity of producing 100000 table fans in a month. The sales manager reports that the following schedule of sale price is possible at different levels of production :

Volume of production	Selling price per unit
	Re.
60%	0.90
70%	0.90
80%	0.75
90%	0.67
100%	0.61

The variable cost of manufacture between three levels is Re. 0.15 per unit and the fixed cost Rs. 40,000. At what volume of production will the profit be maximum ?

12. The equity shares of a company is currently selling at Rs. 305.08 and it is currently paying a dividend of Rs. 4.24 per share. The dividend is expected to grow at a 18% annual rate of five years and then 12% forever. Calculate the cost of equity capital.