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CIS 555

IV Semester M.Com. (IBM) Degree Examination, Sept./Oct. 2022
(Choice Based Credit System)
COMMERCE
Cost and Management Accounting

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any four** questions. **Each** question carries **10** marks. Answer to **each** question should **not** exceed **4** pages : **(4×10=40)**

1. Elucidate the advantage and disadvantage of management accounting.
2. The standard cost card of a manufacturing concern includes the following particulars : Variable overhead per unit – 2 hours @ 0.30 p. per hour = 0.60 p. Actual operating hours 8,000 hours, Actual variable overhead expenses Rs. 2,600. Actual units produced 4,850. Calculate necessary cost variances.
3. Differentiate between management accounting and financial management.
4. Beta Ltd. prepared the budget for the production of one lakh units of the one type of commodity manufactured by them for a costing period as under :

Raw material	2.52
Direct labour	0.75
Direct expenses	0.10
Works overheads (60% fixed)	2.50
Admin OH (80% fixed)	0.40
Selling OH (50% fixed)	0.20

Actual production during the period was only 60,000 units. Prepare a flexible budget.

P.T.O.



5. From the following particulars compute :

- a) Material cost variance.
- b) Material price variance.
- c) Material usage variance.

Quantity of materials purchased	3,000 units
Value of materials purchased	Rs. 9,000
The standard quantity of materials required per ton of output	30 units
A standard rate of material	Rs. 2.50 per units
Opening stock of materials	Nil
Closing stock of materials	500 units
Output during the year	80 tons

6. Define standard costing ? Explain the significance of standard costing.

7. Explain the implications of fixed budget and flexible budget.

SECTION – B

Answer **any two** questions. **Each** question carries **15** marks. Answer to **each** question should **not** exceed **seven** pages : **(2×15=30)**

8. Meet and Company Ltd., has three divisions each of which makes a different product. The budgeted data for the next year is as follows :

Divisions	A Rs.	B Rs.	C Rs.
Sales	1,12,000	56,000	84,000
Direct material	14,000	7,000	14,000
Direct labour	5,600	7,000	22,400
Variable overhead	14,000	7,000	28,000
Fixed cost	28,000	14,000	28,000
Total cost	61,600	35,000	92,400

The management is considering closing down division C. There is a possibility of reducing variable costs. Advice whether or not division C should be closed down.



9. The following data relate to the working of a factory at Wardha for the current year :

Capacity worked, 50%

Fixed costs :

	Rs.	Rs.	Rs.
Salaries	84,000		
Rent and rates	56,000		
Depreciation	70,000		
Other administrative expenses	80,000		2,90,000
Variable costs :	2,40,000		
Materials			
Labour	2,56,000		
Other expenses	38,000		5,34,000

Possible sales at various levels of working are :	Capacity (percent)	Sales
	60	11,50,000
	75	13,75,000
	90	15,25,000
	100	

Prepare a flexible budget and show the forecast of profit at 60, 75, 90 and 100 percent capacity.

10. Discuss the classification of management accounting.
