

Total No. of Questions : 4]

SEAT No. :

**P6481**

[Total No. of Pages : 3

[5805]-210

**First Year M. Com.**

**COST CONTROL AND COST SYSTEMS**

**208 - Group - C : Advance Cost Accounting and Cost Systems  
(2019 Pattern) (Semester - II) (Special Paper - IV)**

*Time : 3 Hours]*

*[Max. Marks : 60*

*Instructions to the candidates:*

- 1) *Q.1 is compulsory.*
- 2) *Solve any two questions from remaining.*

**Q1) A) Fill in the blanks :**

**[5]**

- a) Marginal costing is the most useful technique for the \_\_\_\_\_
  - i) Shareholders
  - ii) Management
  - iii) Bankers
  - iv) Creditors
- b) \_\_\_\_\_ is a technique that examines changes in the total cost and revenue by analyzing proposed alternatives.
  - i) Differential costing
  - ii) Marginal costing
  - iii) Standard costing
  - iv) Process costing
- c) Cash discount is \_\_\_\_\_ to buyers who promptly pay their bills.
  - i) Price inflation
  - ii) Price increase
  - iii) Price reduction
  - iv) Price rise
- d) \_\_\_\_\_ is the efficiency of production of goods or services expressed by some measure.
  - i) Productivity
  - ii) Policy
  - iii) Plan
  - iv) Process
- e) \_\_\_\_\_ is the process used by companies to reduce their costs and increase their profits
  - i) Cost inflation
  - ii) Cost rise
  - iii) Cost restructure
  - iv) Cost reduction

***P.T.O.***

- B) True of False : [5]
- a) Cost cutting refers to measures implemented by a company to reduce its expenses and improve profitability.
  - b) Pricing strategies tend to change as a product goes through its product life cycle.
  - c) Cost reduction is a planned negative approach to reduce expenditure.
  - d) Just-in-time (JIT) production also known as lean production.
  - e) Enterprise Resource planning is a manual inventory control and production system.
- C) Match the following : [5]
- |                                       |   |
|---------------------------------------|---|
| a) Cost Reduction technique           | i) Full costing                                   |
| b) Productivity improvement technique | ii) Company's revenues equals its costs           |
| c) Margin of Safety                   | iii) Prioritize                                   |
| d) BEP                                | iv) Difference between BEP sales and actual sales |
| e) Absorption Costing                 | v) Value Analysis                                 |
- D) Short Notes (any three out of five) : [15]
- a) Differential cost analysis
  - b) Pricing Policy
  - c) Designing and Installing cost system in Computerised Accounting
  - d) Cost Control
  - e) Causes of Lower Productivity

**Q2)** B Ltd. is planning for improving the profitability, for which the following two suggestions are under. **[15]**

- a) 10% decrease in value of sales with a sizeable increase in sales volume from 4000 units to 4500 units.
- b) 10% increase in value of sales with a sizeable decrease in sales volume from 4000 units to 3500 units.

The following details are also made available from the current cost accounting records.

Particulars	Rs.
Price per unit	100
Total Rigid cost	50,000
Marginal cost per unit	50

State which of the two proposals should be recommended to the management so as to get sizeable amounts of profits.

**Q3)** Kamlin Ltd. manufactures 20,000 units during the year 2021-2022 the cost and price structure of which discloses the following relevant information. **[15]**

Particulars	Rs.
Variable works overheads per unit	4
Productive Expenses per unit	1
Basic Materials per unit	12
Direct Material per unit	8
Fixed office overheads	40,000
Fixed selling and Distribution overheads	1,60,000
Selling price per unit	60

Company management has proposed to increase the quality production by 5,000 units. It is estimated that Fixed Office overheads will increase by Rs. 5,000 and the new selling price per unit will be Rs. 40 only. No other costs will increase. You are suggested to advice the management for the viability of the proposed plan.

**Q4)** What is Productivity? Explain causes of lower productivity and how to improve productivity. **[15]**

