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[5956]-209

First Year M.Com.

208 : ADVANCE COST ACCOUNTING AND COST SYSTEMS

Group-C : Cost Control and Cost Systems

(2019 Pattern) (Semester-II) (Special Paper-IV)

Time : 3 Hours]

[Max. Marks : 60

Instructions to the candidates:

- 1) *Q1 is compulsory.*
- 2) *Solve any 2 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 or False: [5]
- a) Cost cutting refers 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

B

- | | |
|---------------------------------------|---|
| 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	50000
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) Qjus Ltd. has an annual capacity of 2500 units but produces 1000 units which are sold in the market at Rs. 25 per unit. The per unit cost data is as below **[15]**

Particulars	Rs.
Productive Material	11
Fixed Office overheads	1.10
Direct wages	4
Rigid Distribution overheads	0.90
Chargeable expense	2
Variable Work overheads	1.20
Wages payable	1
Marginal Selling overheads	0.80

A promising business firm is willing to buy the entire production of 1000 units but at a price of Rs. 19 per unit. Do you advice the company management to accept this offer?

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

