5. Answer any *one* of the following questions : 14

(a) (i) What is meant by break-even analysis? Discuss the assumption and the limitation of marginal costing. 2+2+4=8

(ii) State the major factors influencing pricing decisions. 6

(b) (i) Define standard costing. In which type of industries standard costing can be employed? 2+2=4

(ii) The expenses for the production of 5000 units in a factory are given as follows :

Particulars	*Per Unit* (₹)
Materials	50
Labour	20
Variable Overheads	15
Fixed Overheads (₹ 50,000)	10
Administrative Expenses (5% variable)	10
Selling Expenses (20% fixed)	6
Distribution Expenses (10% fixed)	5
Total cost of sales	116

You are required to prepare a budget for the production of 7000 units. 10

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(Held in 2023)

COMMERCE

Paper : COMHE5026 (Group—B)

(Cost and Management Accounting)

Full Marks : 80
Pass Marks : 32

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Choose the correct option of the following : 1×6=6

(a) Management accounting relates to

(i) recording of accounting data
(ii) recording of costing data
(iii) presentation of accounting data
(iv) None of the above

(b) The cost concept records the figures at

(i) market value
(ii) actual amount paid
(iii) actual amount or market value whichever is less
(iv) None of the above

(c) Fixed cost per unit decreases when
- (i) production volume increases
- (ii) production volume decreases
- (iii) variable cost per unit decreases
- (iv) variable cost per unit increases

(d) A budget is a projected plan of action in
- (i) physical units
- (ii) budgetary terms
- (iii) physical units and monetary units
- (iv) None of the above

(e) The break-even point is the point at which
- (i) there is no profit
- (ii) contribution margin is equal to total fixed cost
- (iii) total fixed cost is equal to total revenue
- (iv) All of the above

(f) Standard costing cannot be used
- (i) where the management is inefficient
- (ii) where workers are slow
- (iii) where non-standard products are manufactured
- (iv) None of the above

2. Answer the following questions : 2×5=10

(a) What is flexible budget?

(b) Give two examples of semi-variable cost.

(c) State two causes of material usage variance.

(d) What is transfer pricing?

(e) Give two examples of relevant costs.

3. Answer any *six* of the following questions : 5×6=30

(a) How does management accounting differ from cost accounting?

(b) Distinguish between 'fixed budget' and 'flexible budget'.

(c) Name the various types of responsibility centers.

(d) State the five features of cost control.

(e) What is sales budget? How is it prepared?

(f) What are the objectives of transfer pricing policy?

(g) What is relevant cost? X Ltd. proposes to rearrange plant facilities and estimates its future costs under two alternatives choices are as under :

Particulars	*Alternative—I* (₹)	*Alternative—II* (₹)
Direct materials costs/unit	20	20
Direct labour	10	9
Production overheads	1,00,000	1,00,000
Additional overheads	—	10,000

Identify the relevant and irrelevant costs. 1+4=5

(h) How does management accounting differ from cost accounting?

(i) From the following information, ascertain by how much the value of sales must be increased by the company to break-even :

Sales—₹3,00,000

Fixed Cost—₹1,50,000

Variable Cost —₹2,00,000

4. Answer any *two* of the following questions : 10×2=20

(a) The standard materials required for producing 100 units are 120 kg. A standard price of 0·50 paise per kg is fixed and 240000 units were produced during the period. Actual materials purchased were 300000 kg at a cost of ₹1,65,000.

Calculate material variance and verified.

(b) Calculate—

(i) the amount of fixed cost;

(ii) the number of units to break-even;

(iii) the number of units to earn a profit of ₹40,000.

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

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

(c) What do you mean by 'cost control' and 'cost reduction'? What are the tools and techniques of cost reduction? 2+2+6=10