Total number of printed pages–16

63/2 (NEP) SEM–2 COMSPL15104(A/B/C)

2025

COMMERCE

Paper : COMSPL15104(A/B/C)

Full Marks : 70

Time : Three hours

The figures in the margin indicate full marks for the questions.

Paper : COMSPL15104A

[Advanced Cost and Management Accounting (ACMA)]

1. Answer the following multiple-choice questions : 1×6=6

   (a) Absorption means

   (i) Charging of overheads to cost centres

   (ii) Charging of overheads to cost units

   (iii) Both *(i)* and *(ii)*

   (iv) None of the above

(b) Marginal costs + Fixed costs + Profit = ________.

(i) Production cost

(ii) Total cost

(iii) Prime cost

(iv) Sale value

(c) Pre-determined estimates of cost of a single unit or a number of units of a product or service is

(i) Absorption cost

(ii) Standard cost

(iii) Marginal cost

(iv) Historic cost

(d) Summary of budget which contains all functional budgets is called

(i) Annual Budget

(ii) Master Budget

(iii) Fixed Budget

(iv) Current Budget

(e) A cash budget can be prepared by which of the following methods?

(i) Adjusted profit and loss account method

(ii) Balance sheet method

(iii) Receipts and payments method

(iv) All of the above

(f) A company should consider shutting down operations, if

(i) Contribution margin is positive

(ii) Contribution margin is negative

(iii) Fixed costs are sunken

(iv) Variable costs are low

2. Answer ***any five*** of the following short questions : 2×5=10

(a) What is opportunity cost?

(b) What is performance budget?

(c) What is contribution?

(d) What is margin of safety?

(e) Give *two* examples of functional budget.

(f) What is material cost variance?

(g) What is cost center?

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

(a) Describe the use of variance analysis.

(b) State some of the limitations of budgetary control system.

(c) What are the factors that influence the pricing decisions ?

(d) Explain Cost Volume and Profit (CVP) analysis.

(e) Explain Zero-Based Budget and its features.

(f) Explain some of the costs that are irrelevant for decision making.

(g) ABC Pvt. Ltd. manufactures a component with the following cost per unit :

Direct Material : Rs. 250
Direct Labour : Rs. 200
Variable Overheads : Rs. 150
Fixed Overheads : Rs. 100

A supplier offers the same component at Rs.700 per unit. If the company opts to buy, 40% of fixed overheads can be avoided, Annual requirement = 8,000 units.

Should ABC Pvt. Ltd. continue to make the component or buy it from the supplier ? Justify with relevant cost analysis. Calculate the net financial gain or loss from your recommendation for 8,000 units.

(h) A manufactuing company that follows standard costing gives the following details :

To produce 1,000 units of finished product, the standard material required is 1,400 kg.

The standard price of the material is Rs.1 per kg.

The company actually produced 3,000 units.

The actual quantity of material used was 4,000 kg.

The total cost of material used was Rs.3,800.

Using this information, calculate :

(i) The standard quantity of material (in kg) allowed for the actual output;

(ii) The actual price per kg of material used.

(i) Megha Industries provided the following information for the year ending on 31st March, 2023 :

The company sold 30,000 units during the year.

The selling price per unit was Rs.250.

The Profit-Volume Ratio (P/V Ratio) was 30%.

The Break-even Sales were 45% of the total sales.

Based on the above details, answer the following :

I. What was the fixed cost for the year ?

II. How much profit did the company earn ?

4. Answer ***any two*** of the following questions : 12×2=24

(a) Explain the managerial use of marginal costing. What are the bases under which absorption costing can be differentiated from marginal costing ?

(b) Explain the various concepts or types of standard that are used in standard costing. What are the steps involved in installation of a standard costing system in an organization.

(c) XYZ Ltd. is currently operating at 40% capacity. Prepare a flexible budget and estimate the profit at 50%, 60% and 75% capacity levels. The company produces 8,000 units at 40% capacity.

At 50% capacity, the raw material cost increases by 3% and the selling price falls by 1.5%.

At 60% capacity, the raw material cost increases by 6% and the selling price falls by 3%.

At 75% capacity, the raw material cost increases by 7% and the selling price falls by 5%.

At 40% capacity, the total product cost is Rs. 160 per unit, and the selling price is Rs. 185 per unit.

The cost per unit at 40% capacity is as follows :

Cost Compoment	Amount (Rs.)
Material	90 (Variable)
Labour	25 (Variable)
Factory Overhead	25
	(50% Fixed, 50% Variable)

(d) The following are the estimated sales of XYZ Ltd. for eight months ending on 31st March 2023 :

Month	**Estimated Sales (Units)**
August 2022	11,000 units
September 2022	12,500 units
October 2022	10,000 units
November 2022	9,000 units
December 2022	10,500 units
January 2023	13,000 units
February 2023	14,500 units
March 2023	13,500 units

As per company policy, the closing stock is maintained as follows :

Finished Goods : Closing stock of a month = 60% of the estimated sales for the next month

Raw Material : Closing stock of a month = estimated consumption for the next month

Each unit of production consumes 2.5 kg of raw material, costing Rs. 8 per kg.

(i) Prepare a Monthly Production Budget (in units) for the months August 2022 to March 2023.

(ii) Prepare a Monthly Raw Material Purchase Budget (in kg and in Rs.) for the months August 2022 to March 2023.