D 122448 **(Pages : 5)** **Name.....**

Reg. No.....

SECOND SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2025

(CBCSS)

M.Com.

MCM 2C 08—STRATEGIC COST ACCOUNTING

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Answer should be written in english only.

Part A

Answer any **four** *questions.*
Each question carries 2 *weightage.*

1. Define Costing.
2. Distinguish between Cost control and Cost Reduction.
3. What is Absorption Costing ? And list out the components.
4. What is Batch Costing ? How is it different from Job costing ?
5. What is abnormal gain ?
6. Write short notes on :
   (i) Standard Costing ;
   (ii) JIT.
7. Define kaizen costing.

(4 × 2 = 8 weightage)

Turn over

Part B

Answer any **four** *questions.*
Each question carries 3 *weightage.*

8. From the following data, prepare statement of equivalent production, statement of cost, and process account :

Particulars	Units	Rs.
Opening WIP (50 % completed)	5,000	11,240
Direct Materials		30,000
Direct Labour		22,500
Overheads		22,500
Units introduced in Process	38,000	
Units completed and transferred	39,000	
Closing WIP (25 % completed)	4,000	

9. Write notes on the following :

   i) CVP Analysis ;

   ii) Pareto Analysis ; and

   iii) Value Chain Analysis.

10. What is Transfer pricing ? Describe the objectives of Inter Company Transfer pricing.

11. ABC Ltd. Is manufacturing four products. The following information relate to a production period :

Particulars		Amount (Rs.)
Direct Material Cost	:	27,000
Direct Labour cost	:	50,000
Machine Maintenance Cost	:	15,000
Test Costing	:	9,000
Store receiving	:	6,000
Set-up Cost	:	9,200

Company is absorbing overheads cost to individual product on labour hours. How company is thinking to convert to ABC.

Particulars	W	X	Y	Z
Direct Materials	400	600	300	500
Testing hours	150	300	200	250
Labour hours	1,500	5,000	2,000	4,000
No. of production run	20	25	40	30
No. of Machine hour	700	900	400	500
Requisition raised	20	25	15	20

Calculate total cost of the products on the basis of Traditional method followed by company and ABC.

12. Low country Bikes Inc. is developing a new all-terrain bike that includes a carbon- fibre frame, Light weight tensile steel gears, airless foam rubber tires and air shocks on both the wheels and the seat. The company's cross- functional team believes the bike can be sold for Rs. 2,500 and the company desire a 20 % profit margin.

    i) What is the target cost per bike ; and

    ii) If the unit variable cost Rs. 1,200 and the total fixed cost Rs. 20, 00,000.

How many bikes must be produced and sold to achieve the target profit.

13. A factory manufactures three products E, F and G which emerge from a joint process. The joint cost amount Rs. 1,20,000.

Particulars	E	F	G
Output	2,000	6,000	2,000
Weight point	4	3	2

You are required to apportion the joint cost :

A) Average unit cost method

B) Weighted average basis and per unit

Turn over

14. Selling price and bottleneck resources details per units are as follows :

Particulars	M	N	O
Selling price per unit	20	15	10
Material and other variable cost per unit	8	5	4
bottle neck resources time (Hrs.)	9	3	1.5

Budgeted factory cost for the period Rs. 2,800. The bottleneck resources time available is 1,600 hours per period. You are required to calculate (i) Company adopted throughput accounting and products are ranked according to product return per hour. Select the highest rank product ; and (ii) Throughput accounting ratio

(4 × 3 = 12 weightage)

Part C

Answer any **two** *questions.*
Each question carries 5 *weightage.*

15. What is Business Cost Accounting ? Explain the Essentials of good costing system.

16. What is Marginal Costing ? Explain the merits and demerits of Marginal Costing.

17. A certain product passes through three processes before it is transferred to finished stock. The following information is obtained for the month of March :

Items	Process-I Rs.	Process- II Rs.	Process- III Rs.	Finished Stock Rs.
Opening stock	1,000	1,200	800	3,000
Direct material	2,000	2,100	3,000	-
Direct wages	1,500	1,500	1,600	-
Production Overheads	1,400	600	4,000	-
Closing stock	500	600	400	1,500
Profit % on Transfer Price (to next process)	25 %	20 %	20 %	-
Inter process profit for opening stock	-	200	200	1,100

Stocks in process are valued at prime cost and finished stock has been valued at the price which it was received from Process III. State during the period were Rs. 35,000. Prepare and compute.

(i) Process cost accounts showing profit element at each stage ; and

(ii) Actual realised profit.

18. Division Z of S Ltd is a profit centre which produce product A, B, C and D each product is sold in the external market also. The following data are available for the period.

Particulars	A	B	C	D
Market price per unit	600	580	560	510
Variable cost of production per unit	520	400	360	335
Labour hours required per unit	3	4	2	3

Product D can be transferred to division Y but the maximum quality that may be required for transfer is 15,000 units of D. The maximum sales is external market are as follows :

A = 16,800 units, B = 15,000 units, C - = 13,800 units, and D = 9,600 units

Division Y can purchased same product at a slightly cheaper price of Rs 500 p.u from outside instead of receiving transfers of product D from division Z.

Required :

What should be the transfer price for each unit of 15,000 units of D. If total labour hours available in division of Z are 1,20,000 hours.

(2 × 5 = 10 weightage)