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M – 7239

Reg. No. :

Name :

Third Semester M.Com. Degree Examination, March 2022
Paper IV: CO 234 F – STRATEGIC COST AND MANAGEMENT
ACCOUNTING

(2018 Admission Onwards)

Elective: Finance

Time : 3 Hours

Max. Marks : 75

SECTION – A

Answer **all** questions. **Each** question carries **2** mark.

1. What is differential costing?
2. What is angle of incidence?
3. What is normal loss?
4. What are the main objects of inter process profit?
5. What is standard cost card?
6. What is volume variance?
7. What is meant by international transfer price?
8. What is meant by CRM?
9. What is sunk cost?
10. Write a short note on 'predictive methods'.

(10 × 2 = 20 Marks)

P.T.O.



SECTION – B

Answer any **five** questions. **Each** question carries **5** marks.

11. What are the factors taken into consideration while deciding whether to make or buy?
12. What are equivalent units? Explain any two methods of calculating it.
13. Describe the managerial uses of variance analysis.
14. Why do transfer pricing system exist? What are the criteria to be considered in assessing a system of transfer pricing?
15. Write short notes on:
 - (a) Lifecycle cost
 - (b) Driver caused budgeting
16. Explain 'optimization techniques'.
17. A-One Co. produces 4,00,000 components of a machinery annually at 80% of full capacity. Regular selling price of the component is ₹ 33. Budgeted annual production costs and other expenses for the year are as follows:

expenses for the year are as follows :	₹
Raw materials cost per unit	4.25
Direct labour cost per unit	5.75
Variable factory overhead per unit	7.75
Variable selling costs	5% of selling price
Fixed factory and administrative overheads	39,50,000

During the year the company received a one-time order to sell 25,000 components for which no selling expenses will be incurred. What should be the minimum price quoted by the company if it wants to earn minimum of ₹1 per component on this order?



18. 80 kgs of material A at a standard price of ₹ 2 per kg and 40 kgs of material B at a standard price of ₹ 5 per kg. were to be used to manufacture 100 kgs of a chemical. During the month, 70 kgs of material A priced at ₹ 2.10 per kg and 50 kgs of material B priced at ₹ 4.50 per kg were actually used and the output of the chemical was 102 kgs. Find out the material variances.

(5 × 5 = 25 Marks)

SECTION – C

Answer any **two** questions. **Each** question carries **15** marks.

19. Explain how marginal costing is useful in managerial decision making.
20. What is meant by Benchmarking? Explain different stages in the process of Benchmarking?
21. From the following details, prepare Process Account by following FIFO Method.

Opening work-in-progress	(2,000 units):
Materials (100% complete)	₹15,000
Labour (60% complete)	₹9,000
Overheads (60% complete)	₹4,500
Units introduced into the process	₹10,000

There are 3,000 units in progress and the stage of completion is estimated to be: materials 100%; Labour 40%; Overheads 40%



The process costs for the period are:

Materials	₹1,44,000
Labour	₹88,000
Overheads	₹55,000

22. A company is organised into two production departments A and B. Department A manufactures three products as per data given below

Products	X	Y	Z
Market price per unit	₹240	₹230	₹200
Variable cost per unit	₹168	₹150	₹140
Direct labour hours per unit	6	8	4
Market demand	4,000	2,500	1,500

Division B requires 1,000 units of product Y for use in one of its products. Determine the transfer price which Division A should charge for its supplies of product Y to Division B if the capacity of Division A is 38,000 direct labour hours.

(2 × 15 = 30 Marks)