D2ACM2403 **(3 Pages)** **Name..............................**
Reg.No...........................

SECOND SEMESTER M.Com DEGREE EXAMINATION, APRIL 2025
(Regular/Improvement/Supplementary)

COMMERCE
FMCM2C08: STRATEGIC COST ACCOUNTING

Time: 3 Hours **Maximum Weightage: 30**

Part A: Answer any *four* questions. Each carries 2 weightage.

1. Define Cost.
2. What are the objectives of cost accounting?
3. Define Operation Cost.
4. Elaborate on inter process profit.
5. What is TPM?
6. Write a short note on Pareto Analysis.
7. What is Cost Pools?

(4 × 2 = 8 weightage)

Part B: Answer any *four* questions. Each carries 3 weightage.

8. Distinguish between cost centre and profit centre.
9. Explain briefly the practical difficulties in installation of costing system.
10. The output of process X was 2,500 units. Normal loss allowed was 10% of input. Abnormal loss was 200 units.
    Materials @ Rs 5 per unit.
    Labour @ Rs 1.50 per unit.
    Production Overheads Rs 2850.
    Scrap realised Rs 2.50 per unit.
    Prepare process account.
11. Distinguish between Normal Loss and Abnormal Loss.
12. Compare the throughput accounting and absorption costing.
13. What are the steps involved in the installation of ABC system?
14. Define transfer pricing and explain different methods of transfer pricing.

(4 × 3 = 12 weightage)

(P.T.O.)

Part C: Answer any *two* questions. Each carries 5 weightage.

15. Define JIT. What are the steps to be taken for the implementation of JIT?

16. Product 'Z' is obtained after it passes through three distinct processes. The following information is obtained from the accounts for the month ending December 31,2024.

Particulars	Total (Rs)	Process		
		I	II	III
Direct Materials	7,542	2,600	1,980	2,962
Direct Wages	9,000	2,000	3,000	4,000
Production Overheads	9,000	-------	--------	------

1000 units @ Rs 3 each were introduced to process I. There was no stock, materials or work–in-progress at the beginning or end of the period. The output of each passes direct to the next process and finally stores. Production Overheads are recovered on the basis of direct wages. Management expenses Rs 1,000, Selling expenses @ Rs 5 per unit.

The following additional data is obtained:

Process	Output during the month	Percentage of Normal Loss to Input	Value of Scrap per unit Rs.
Process I	950	5%	2
Process II	840	10%	4
Process III	750	15%	5

40% units of finished goods were sold at a profit of 20% on the selling price. There was no opening/ closing stock of work-in-progress in any process. Prepare Process cost accounts, Abnormal Gain / Loss accounts, Finished stock account and Profit & Loss Account.

17. Anu Udyog Ltd. manufactures two types of products X and Y and overhead absorbed on the basis of direct labour hours. The information about these products for the month of May, 2024 is as follows.

	Product X	Product Y
Production Volume	2,550 Units	3300 Units
Direct Material Cost per unit	Rs. 300	Rs. 450
Direct Labour Cost @ 60 per hour	Rs. 240	Rs. 360

During the above said period direct labour hours worked were 30,000 hours and production overheads were Rs 16,87,500. Details of overheads according to identified three activities are as follows.

Activity	Overheads (Rs.)	Cost Driver Level	
		X	Y
Order processing	3,65,000	650 orders	350 orders
Machine Processing	11,20,000	9,500 machine hours	12,900 machine hours
Inspection	2,02,500	275 inspections	400 inspections

You are required to calculate the cost of production per unit for each product by using:
a) Direct Labour Hour Rate for absorption of overhead; and
b) Activity Based Costing Method.

18. An organisation manufactures a product, particulars of which are detailed below.

Annual Production (Units)	20,000
Cost per Annum (Rs.)	
Material	50,000
Other Variable Cost	60,000
Fixed Cost	40,000
Apportioned Investment	1,50,000

Determine the unit selling price under two strategies mentioned below. Assume that the organization's tax rate is 40%.

a) 20% return on investment.
b) 6% profit on list sales, when trade discount is 40%.

(2 × 5 = 10 weightage)