D 140623 **(Pages : 4)** **Name.....**

Reg. No.....

SECOND SEMESTER M.Com. (CBCSS) REGULAR/SUPPLEMENTARY DEGREE EXAMINATION, APRIL 2026

Master of Commerce

MCM 2C 08—STRATEGIC COST ACCOUNTING

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Answers should be written in **English** *only.*

Part A

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

1. What are the objectives of Cost Accounting ?
2. State the features of Process costing.
3. Difference between Joint products and By-products.
4. What is ABM ?
5. Define kaizen costing.
6. State the merits of JIT.
7. What is cost driver ?

(4 × 2 = 8 weightage)

Part B

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

8. Distinguish between ABC and ABM.
9. Describe the meaning and benefits of life-cycle costing.
10.

Units put into Process No. 1	...	5,000
Units completed and transferred	...	3,000
Estimated normal loss	...	20 % of input
Closing WIP	...	1,000
Materials	...	Rs. 50,000
Labour	...	Rs. 48,800
Overheads	...	Rs. 48,000

Turn over

Work-in-progress is complete 100 % as to materials and 20 % as to Labour and Overheads. Prepare the following statements :

(a) Statement of equivalent production;

(b) Statement of cost ; and

(c) Process I Account.

11. In a manufacturing company 10,000 kilolitres of A is processed 6,000 kilolitres of B and 4,000 kilolitres of C. Joint cost before separation point came to an amount of Rs. 24,000. From the following particulars calculate the apportionment of joint cost and profit of each product under :

(a) Market value at separation point.

(b) Market value after further processing.

Particulars		B (Rs.)	C (Rs.)
Unit selling price at separation point	...	5.00	3.75
Unit selling price after further processing	...	7.00	7.50
Further processing cost after separation	...	5,000	7,500

12. In House Company produces two products AB and XY and uses a costing system in which all overheads is accumulated in a single cost pool and allocated based on machine hours. In house's management had decided to implement ABC because a cost study has revealed significant amount of overhead cost related to setup activity and design activity.

The number of setup and the number of design hours will be the activity drivers for the two new cost pools and machine hours will continue as the base for allocating the remaining overhead selected information follows for in-House company's operations :

Particulars		*AB*	*XY*	*Total*
Unit produced	...	500	15,500	16,000
Direct material per unit (Rs.)	...	200	20	—
Total direct materials	...	1,00,000	3,10,000	4,10,000
Machine hours	...	3,000	47,000	50,000
Direct labours (amount)	...	50,000	3,50,000	4,00,000
Set-up	...	120	80	200
Design hour	...	6000	4,000	10,000

Overheads		Amount
Setup related	...	2,50,000
Design related	...	3,50,000
Others	...	9,00,000
Total	...	15,00,000

You are required to calculate the total cost and per unit under traditional cost and ABC system.

13. B Ltd. which manufacture components for VCD has a capacity to produce 4,00,000 units. The market demand to the sales price and the company could sell 1,00,000 units at a price of Rs. 50 each. The demand thereafter would be double for each Rs. 5 per unit fall on the selling price. The company expect margin $33\frac{1}{3}\%$ on cost. What would be the target cost of the company to sell a full capacity utilisation ?

14.

Particulars		*A*	*B*
Selling price per unit	...	12	14
Direct material per unit	...	5	8
Time per unit on bottle neck resources (Hrs.)	...	2	1.5

Labour cost and overheads cost for the period amount to Rs. 5,000 and Rs. 4,000.

Bottle neck capacity for the period is 3000 hrs.

You are required to calculate throughput accounting ratio for each product and determined ranking order.

(4 × 3 = 12 weightage)

Part C

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

15. L & Co. is engaged in the manufacture of chemical X which is obtained after it passes through three distinct processes. You are required to prepare process accounts, abnormal gain and abnormal loss accounts.

Particulars		*Total* (Rs.)	*Process-I* (Rs.)	*Process-II* (Rs.)	*Process-III* (Rs.)
Materials	...	24,084	7,200	6,960	9,924
Direct wages	...	18,000	4,000	6,000	8,000
Production overhead	...	9,000			

1,000 units at Rs. 6 per unit were introduced in process I. Production overheads is to be distributed at 50 % on wages.

Particulars		*Actual output*	*Normal loss*	*Valueof scrap p.u.*
Process-I	...	950	5 %	Rs. 4.00
Process-II	...	840	10 %	Rs. 8.00
Process-III	...	750	15%	Rs. 10.00

16. Division D is a profit centre which produces four products A, B, C and D. Each product is sold to external market also. Data for the period is as follows :

Particulars		*A*	*B*	*C*	*D*
Market price per unit	...	150	146	140	130
Variable cost of production per unit	...	130	100	90	85
Labour hours required per unit	...	3	4	2	3

Turn over

Product D can be transferred to division Y but the maximum quality that might be required for transfer is 2,500 units of D. The maximum sales is external market are as follows :

A = 2, 800 units, B = 2,500 units, C = 2,300 units and D = 1,600 units.

Division Y can purchased same product at a slightly cheaper price of Rs. 125 p.u. instead of receiving transfers of product D from division Z.

What should be the transfer price for each unit of 2,500 units of D. If total labour hours available in division of Z are 30,000 hours.

17. What do you mean by ABC ? Describe the steps in ABC.

18. What is JIT ? Explain merits and demerits of JIT ?

(2 × 5 = 10 weightage)