

21P242

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Name:

Reg. No:

SECOND SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2022

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19P MCM2 C08 - STRATEGIC COST ACCOUNTING

(Commerce)

(2019 Admission onwards)

Time: 3 Hours

Maximum: 30 Weightage

Part-A

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

1. Define cost.
2. What is cost accounting system?
3. Define capacity cost.
4. How is abnormal wastage valued?
5. What is investment in the context throughput accounting?
6. What is JIT?
7. What is value chain analysis?

(4 × 2 = 8 Weightage)

Part-B

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

8. What are the essentials of a good cost accounting system?
9. Distinguish between cost centre and cost unit.
10. From the following figures, show the cost of the three processes of manufacture. The production of each process is passed on to the next process immediately on completion:

	<u>Process</u>	<u>Process B</u>	<u>Process</u>
Wages and materials	30,400	12,000	29,250
Works overhead	5,600	5,250	6,000
Production (in units)	36,000	37,500	48,000
Stock, 1st July, 2019 (units from preceding process)	4,000		16,500
Stock, 31st July, 2019 (units from preceding process)	1,000		5,500

11. In April, 2020 the following is available in respect of Process I:

Opening work-in-progress 10,000 units — 60% complete. Units brought in the process 50,000, Transferred to next process — 40,000 units (completed). Closing work-in-progress 20,000 units, 75% complete. Calculate equivalent production.

(1)

Turn Over

12. The following performance statistics are extracted from the records of a company which has just completed first year of its operations.

- Planned output :1,00,000 units. Actual output :1,00,000 units
- Sales 90,000 units at 80 per unit
- Direct material cost per unit 15
- Direct labour cost 4,00,000
- Variable manufacturing overhead expenses 6,00,000
- Fixed manufacturing overhead expenses 20,00,000
- Variable administration and selling overheads 10 per unit
- Fixed administration and selling overheads 10,00,000

Prepare income statement under absorption costing and throughput costing

13. A factory has a key resource (bottleneck) of Facility A which is available for 6260 minutes per period. Budgeted factory costs and data on two products X and Y are shown below:

Product	Selling price / unit Rs.	Material cost /unit Rs.	Time in Facility A (minutes)
X	7	3	1
Y	7	3.50	2
Budgeted factory costs per week		(Rs)	
Direct labour		5,000	
Indirect labour		2,500	
Power		350	
Depreciation		4,500	
Space costs		1,600	
Engineering		700	
Administration		1,000	

Calculate: (a) Total factory costs (TFC), (b) Cost per factory minute, (c) Return per factory minute for both products, (d) Throughput Accounting ratio for both products.

14. What are the factors affecting productivity?

(4 × 3 = 12 Weightage)

(2)

Part-C

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

15. How do you classify costs according to behaviour?

16. From the following information for Jan. 2017, prepare process cost accounts for Process

A by average cost method:

Opening Stock	:	10,000 units
Materials	:	Rs. 240,000
Wages	:	Rs 38,000
Overhead	:	Rs 32,000
Units introduced	:	40,000 Units
Materials	:	Rs 2,10,000
Labour	:	Rs 1,50,000
Overhead	:	Rs. 1,00,000

During the period 35,000 units were completed and transferred to Process B.

Closing Stock : 15,000 Units

Degree of completion: Materials 100%, Labour 80%, Overhead 60%

17. Falcon Ltd has two products. X and Y. using the same equipment and similar processes.

An extract of the production data for these products in one period is shown as follows.

	X	Y
Quantity produced (Units)	6,000	8,000
Direct labour hours per unit	2	3
Machine hours per unit	4	2
Set ups in the period	20	60
Orders handled in the period	25	90

Overhead costs:

Related to machine activity	3,20,000
Related to production run set ups	30,000
Related to handling of orders	<u>46,000</u>
	<u>3,96,000</u>

Calculate the production overheads to be absorbed by one unit of each product:

- Traditional costing method using a direct labour hour rate to absorb overhead.
- ABC system 1 using suitable cost drivers to locate overhead rate.

18. Explain how loss due to obsolescence is treated in cost accounts.

(2 × 5 = 10 Weightage)

(3)