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Name:

Reg.No:

SECOND SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2026

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19PMCM2C08 - 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 costing.
2. Define cost accounting.
3. What are stepped costs?
4. How is abnormal wastage treated in process accounts?
5. What is transfer price?
6. What is factorial productivity?
7. What is theory of constraints?

(4 × 2 = 8 Weightage)

Part-B

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

8. What suggestions would you offer to overcome practical difficulties?
9. Distinguish between cost centre and profit centre.
10. Calculate the estimated cost of production of by product X and Y at the point of separation from the main product.

	By-product X	By-product Y
Selling price per unit	Rs. 12	Rs. 24
Cost per unit after separation from the main product	Rs. 3	Rs. 5
Units produced	500	200

Selling expenses amount to 25% of total works cost, i.e, including both pre- separation and post-separation works cost. Selling prices are arrived at by adding 20% of total cost, i.e, the sum of works cost and selling expenses.

11. During January, 2020, 2,000 units have been put in Process I. Normal loss is estimated at 5% of input. At the end of the process 1,400 units were completed and transferred and 460 units were remained as closing work-in-progress, on which the degree of completion is — Material 75% complete, Labour 50% complete and Overheads 50% complete. Calculate equivalent production.
12. A factory has a key resource (bottleneck) of Facility A which is available for 6,260 minutes per period. It produces two products X and Y. X requires 1 minute and Y requires 2 minutes in Facility A. During a week actual production was 4,750 units of Product X and 650 units of Product Y. Actual factory costs were 15,650.
Calculate: (a) Throughput cost for the week (b) Efficiency percentage and comment on the possible reason(s) for the efficiency percentage calculated.
13. X and Y are two divisions of a Company. X makes a single product, which it sells only to Y for incorporation into Y's products. The relevant costs and revenues are:
- | Quantity (Units) | Costs to X | Revenue of Y (after deducting own variable cost) |
|------------------|------------|--|
| 100 | 150 | 300 |
| 200 | 240 | 400 |
| 300 | 320 | 490 |
| 400 | 400 | 570 |
| 500 | 510 | 640 |
- What is the appropriate transfer price per unit between division X and Y, and how many units should be produced?
14. Differentiate between productivity and cost effectiveness.

(4 × 3 = 12 Weightage)

Part-C

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

15. Explain the meaning and formulation of Product cost for the purpose of income measurement and determination of financial position.
16. An article passes through three processes A, B and C for manufacture and then it is transferred to finished stock. A's production is transferred to process B at a profit of 25% on transfer price, B's production is transferred to process C at a profit of 20% on transfer price and C's production is transferred to finished stock at a profit of 20% on transfer price.

Following particulars are available on 31st December, 2019

In Rs.	Process A	Process B	Process C
Opening Stock	2,000	3,000	3,000
Materials	4,000	6,000	5,000
Wages	3,000	1,000	4,000
Work Expenses	1,000	1,000	2,000
Closing Stock	1,000	2,000	3,000
Inter process profit for opening stock	Nil	1,000	2,000

Opening Stock of finished goods account was Rs. 5,000 profit on it was Rs. 3,000 closing stock of finished goods was Rs. 2,000.

Stock in process are valued at prime cost. The finished stock has been valued at the price at which it was received from process C. Sales of the finished stock is 60,000.

Prepare process accounts and finished stock account. Find out the actual profit realized; also find out the value of stock for the purpose of Balance Sheet.

17. ABC Ltd. Produces a large number of products including A and B is a Complex product of which 1000 units are made and sold in each period B is a simple product of which 20,000 units are made and sold in each period. Processing times for products A and B are 1 and 0.6 direct labour hours respectively.

ABC Ltd employs twelve salaried support staff and a direct labour force that works 4,00,000 direct labour hours per period. Overhead costs are Z 5,00,000 per period.

The support staff is engaged in three activities-six staff engaged in receiving 25,000 consignments of components per period, three staff engaged in receiving 10,000 consignments of raw materials per period and three staff are engaged in disbursing kits of components and materials for 5,000 production runs per period.

A requires 200 component consignments, 50 raw material consignments, 50 raw material consignments and 10 production runs per period. B requires 100 component consignments, 8 raw material consignments and five production runs per period. You are required to: (a) Calculate the overhead cost of A and B using Absorption system based on Direct Labour hours. (b) Identify appropriate cost Drivers and calculate the overhead cost of A and B using ABC system.

18. Explain how transfer price is determined center market price method. What are the merits and demerits of market price method?

(2 × 5 = 10 Weightage)
