

24P242

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Name :

Reg. No :

SECOND SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2025

(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 costing.
2. Define cost accounting.
3. What is a committed fixed cost?
4. What are by - products? Give examples.
5. Define bottleneck
6. Define lean manufacturing.
7. What is target costing?

(4 × 2 = 8 Weightage)

Part-B

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

8. Compare and contrast cost accounting and management accounting.
9. Define cost unit. Give examples.
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. In process A, 100 units of raw materials were introduced at a cost of Rs. 1,000. The other expenditure incurred by the process was Rs. 600. Of the units introduced, 10% are normally lost in the course of manufacture and they possess a scrap value of Rs. 7 each. The output of process A was only 75 units. Prepare process account and abnormal loss account.
12. From the following information calculate throughput :
- | | |
|---|--------------|
| Total Processing time | 80,000 hours |
| Total Value-added processing time | 20,000 hours |
| Total quantity of product manufactured | 100,000 tons |
| Total quantity of good production manufactured and sold | 88,000 tons |
13. Texas company fixed the inter-divisional transfer prices for its products on the basis of cost plus an estimated return on investment in its division. The budget for the Division M for the year ending 2019 is given below :
- | | |
|--|--------------|
| Current assets | Rs.10,00,000 |
| Fixed Assets | 8,00,000 |
| Annual fixed cost of the division | 12,00,000 |
| Variable cost per unit of product | 15.00 |
| Budgeted volume of production per year (units) | 5,00,000 |
| Desired Return on investment | 30% |
- You are required to determine the transfer price for division M
14. What are the methods of measurement productivity?

(4 × 3 = 12 Weightage)

Part-C

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

15. Define costing system. Discuss the various costing systems
16. A product of a manufacturing company passes through two processes A and B then to finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrap which from Process A and B realises 80 per tonne and 200 per tonne respectively. The following are the figures relating to both the processes:

	Process A	Process B
Materials in tonnes	1,000	70
Cost of material per tonnes (Rs)	125	200
Wages (Rs)	28,000	10,000
Manufacturing expenses (Rs)	8,000	5,250
Output in tonnes	830	780

Prepare the process cost accounts showing the cost per tonne of each process. There was no stock or work-in - progress in any process.

17. Division A of a manufacturing company has set a target sales of 4,00,000 units of a product at a price to fetch a return of 25% on the assets employed. The following data are available:

Fixed costs Rs. 8,00,000

Variable costs Rs. 1 per unit

Assets employed :

Fixed assets Rs. 8,00,000

Current assets Rs. 16,00,000

The market can however, absorb only 2,80,000 units. Consequently, Division B is advised to buy 1,20,000 units. Division A is willing to supply this quantity to Division-B at 4f50 per unit. Division B its requirement of 1,20,000 units at Rs. 2.25 per unit and restricts its activity to 2,80,000 units of market sale, it could reduce the investments in stocks to the tune of 1,60,000 and the fixed assets by Rs 2,40,000. Besides, its selling expenses, will also go down by Rs.80,000.

You are required to prepare statements and advise whether Division A should agree to supply Division B's requirement of 1,20,000 units at Rs. 2.25 per unit.

18. How does backflush accounting work?

(2 × 5 = 10 Weightage)
