(Pages : 4) **K – 4999**

Reg. No. : .....

Name : .....

Third Semester M.Com. Degree Examination, February 2021.

Paper IV: CO 234 F-STRATEGIC COST AND MANAGEMENT ACCOUNTING

(2018 Admission onwards)

Elective : FINANCE

Time : 3 Hours Max. Marks : 75

SECTION – A

Answer **all** questions. Each question carries **2** marks.

1. What is limiting factor?
2. What is make or buy decision?
3. What is absorption costing?
4. What is process costing?
5. What is variance analysis?
6. What is standard hour?
7. What is Decision support system?
8. Write a short note on EPM.
9. What is meant by ERP?

P.T.O.

10. Calculate the number of units initially introduced in Process I

Output	7,500 units
Normal loss	5% of input
Abnormal loss	100 units

(10 × 2 = 20 Marks)

SECTION B

Answer any **five** questions. Each question carries **5** marks.

11. How is marginal costing helpful in decision making?
12. What is inter process profit? Why is adjustment of stocks necessary in case of inter process profits?
13. Why does abnormal loss arises?
14. What are the possible causes of material variances?
15. Write short notes on:
    (a) Business intelligence
    (b) Strategic map
16. What is benchmarking?
17. A machine shop in a factory is working to its full capacity and earning a contribution of 500 per hour. The management receives a high priority order which it wants to execute immediately. Material will be supplied by the customer and the special order will take a minimum of 10 hours. Wages payable will be ₹150 per hour and variable overhead will be 150% of wages. If the customer is prepared to pay 8,000 for the order, should the order be accepted?
18. From the following information, compute fixed overhead variance.

    Normal capacity - 6,000 hours

    Budgeted fixed overhead rate is ₹15per standard hour.

    Actual level of capacity utilised is 5,500 standard hours.

    Actual fixed overheads ₹50,000.

(5 × 5 = 25 Marks)

SECTION – C

Answer any **two** questions. Each question carries **15** marks.

19. Explain the concept of transfer pricing. Explain different methods of determining transfer prices.

20. What are life cycle costs? How do these costs relate to the production life cycle?

21. The standard mix of a product is:

    X- 60 units @ ₹15 per unit

    Y - 80 units @ ₹ 20 per unit

    Z- 100 units @ ₹ 25 per unit

    10 units of the finished product should be obtained from this mix.

    During the month of June, ten mixes were completed and consumption was as under:

    X- 640 units @ ₹20 per unit

    Y - 960 units @ ₹ 15 per unit

    Z- 840 units @ ₹ 30 per unit

    Actual output was 90 units. Calculate all appropriate material variances.

22. A product passes through 3 process i.e. X,Y and Z. The following information is available for the year.

	X	Y	Z	Total
Materials	26,000	20,000	10,250	56,250
Direct wages	22,500	36,800	14,000	73,300
Production overheads				73,300

    Units introduced into process X is 500 units at Rs.40 per unit. Production overheads are absorbed as a percentage of direct wages.

The actual output and normal loss of the respective processes are given below:

	Output (units)	Normal loss as a percentage of input	Value of scrap per unit
Process I	350	10%	₹20
Process II	340	20%	₹40
Process III	270	25%	₹50

Prepare Accounts for all process and gain or loss accounts.

(2 × 15 = 30 Marks)

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