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S – 6927

Reg. No. :

Name :

Third Semester M.Com. Degree Examination, February 2024

Elective : Finance

**Paper IV – CO 234 F : STRATEGIC COST AND
MANAGEMENT ACCOUNTING**

(2018 Admission Onwards)

Time : 3 Hours

Max. Marks : 75

SECTION – A

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

1. Define marginal costing.
2. Distinguish between work in progress and work in process.
3. What is meant by equivalent production?
4. What is variance analysis?
5. What is meant by calender variance?
6. Define opportunity cost.
7. What is meant by strategic map?
8. What is trend analysis?
9. What is meant by sunk cost?
10. What is ERP?

(10 × 2 = 20 Marks)

P.T.O.



SECTION – B

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

11. Explain the features of process costing.
12. Write short notes on (a) P/V Ratio and (b) Margin of Safety.
13. Discuss the concept of international transfer pricing.
14. Explain briefly the optimization techniques.
15. Explain briefly the revenue management concept.
16. From the following information, calculate
 - (a) Material Mix variance
 - (b) Material Price variance
 - (c) Material Usage variance

	Standard			Actual		
	Quantity (Kg.)	Unit Price (Rs.)	Total (Rs.)	Quantity (Kg.)	Unit Price (Rs.)	Total (Rs.)
Material A	10	2	20	5	3	15
Material B	20	3	60	10	6	60
Material C	20	6	120	15	5	75
Total	50	4	200	30	5	150

17. From the following information calculate:
 - (a) P/V Ratio
 - (b) Break even sales and
 - (c) Ascertain by how much the value of sales to be increased by the company to reach Break Even Sales.

Sales	Rs. 80,000
Fixed cost	Rs. 36,000
Variable cost	Rs. 54,000



18. In process A, Opening stock of work in progress in February was 2,000 units 40% complete. 10,500 units were introduced during the period and 11,000 completed units were transferred to Process B and 1,500 units remain as closing work in progress 70% complete. Calculate equivalent production and apportion the total process costs of Rs. 33,750 to production and work in progress inventories under FIFO method.

(5 × 5 = 25 Marks)

SECTION – C

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

19. Define transfer Pricing. Discuss the different methods for its application.
20. Define CRM. Discuss in detail the different CRM practices in cost and management accounting.
21. ABC Electronics Pvt. Ltd. is an Indian company that manufactures electronic gadgets. They produce a component called “E-Panel” that is an essential part of their final product. The management is contemplating whether to continue manufacturing the E-Panel in-house or to buy it from an external supplier. The following information is available:

Current annual production of E-Panels: 20,000 units

Cost of direct materials per unit: Rs. 150

Cost of direct labour per unit: Rs. 80

Variable manufacturing overhead per unit: Rs. 50

Fixed manufacturing overhead (allocated based on production volume): Rs.400,000 per year

Cost of machinery used for production: Rs.1,500,000 (depreciated over 5 years)

External supplier’s price per unit: Rs.250

The company anticipates producing and selling 20,000 gadgets each year, and the E-Panel is a crucial component of their product. Should ABC Electronics Pvt. Ltd. make or buy the E-Panels? Advise the management of the Company in this respect.



22. Z Ltd furnished the following information relating to budgeted sales and actual sales for the month of April 2023.

Particulars	Product	Sales (Qty. in units)	Selling price per unit (Rs.)
Budgeted Sales	A	1,200	15
	B	800	20
	C	2,000	40
Actual Sales	A	880	18
	B	880	20
	C	2,640	38

From the above data, calculate the following Variances:

- (a) Sales quantity variance
- (b) Sales mix variance
- (c) Sales price variance
- (d) Total sales variance.

(2 × 15 = 30 Marks)

