PG – 664

IV Semester M.Com. Degree Examination, November 2023
(CBCS) (2021-22)
COMMERCE (Accounting and Taxation)
4.4 : Strategic Cost Management – II

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any seven** questions out of ten. **Each** question carries **two** marks : **(7×2=14)**

1. a) What is marginal cost pricing ?

   b) Differentiate between cost pricing and going rate pricing.

   c) State the advantages of Transfer Pricing.

   d) Define the learning curve.

   e) What do you mean by cost of Non-conformance ?

   f) Define quality costs.

   g) What is a Balanced Score Card ?

   h) How do you, measure the attribute of good performance ?

   i) What do you mean by target costing ?

   j) What is benchmarking ?

SECTION – B

Answer **any four** questions out of six. **Each** question carries **five** marks : **(4×5=20)**

2. What is Export Pricing ? Explain the methods of export pricing.

3. Explain the factors affecting international Transfer Pricing.

4. What is TQM ? Explain the benefits of TQM.

P.T.O.

5. Explain briefly the Benchmarking Process.

6. Explain the four phases of a learning curve.

7. You work as a Cost Accountant at GP Engineers and Contractors, which recently won a 10-year government contract for the provision of electricity to the country's largest airport during power outages. For this purpose, GP is required to set up a small diesel-run power plant and operate and maintain it over the contract term. According to the contract, GP shall be reimbursed every month for the cost incurred per unit (kilowatt-hour) of electricity consumed from the GP system plus a 20% profit on cost. During the first month, GP provided 98,000 units from its power plant to the airport. The plant consumed 30,000 liters of diesel during the month, which cost Re. 1 per liter. Employees dedicated to the power plant earn Rs. 30,000 per month. Head office expenses allocated to the power plant on account of the management fee for the month amount to Rs. 20,000. The plant is depreciated at the rate of Rs. 15,000 per month over the 10-year contract period. You are required to calculate the amount at which you will invoice the government for the first month ?

SECTION – C

Answer **any two** questions out of four. **Each** question carries **twelve** marks : **(2×12=24)**

8. PP Ltd. uses a scheme of pricing based on cost plus. All the overheads are charged based on direct labour and based on the total cost arrived at, the selling price is fixed. The following figures are from the Annual Budget for 2022 prepared by the company :

	Rs.		Rs.
Sales	10,00,000	Advertisement	20,000
Direct materials	1,80,000	Depreciation on assets	30,000
Direct labour	3,20,000	Administrative expenses	90,000
Factory sup's salary	30,000	Variables factory costs :	
Commission paid on		Repairs and maintenance	60,000
Sales (5%)	50,000	Tools consumed	40,000
Foremen's salary	60,000	Misc. supplies	10,000
Insurance	10,000		

The company has submitted a tender quoting Rs. 10,000 on a large order with a cost of Rs. 1,800 direct materials and Rs. 3,200 direct labour. The customer strikes the business at Rs. 8,900 on a 'take it or leave it' basis. If the company accepts the order, the total sales for the year 2022 would be Rs. 10,08,900. The company is reluctant to accept the order as it would be against its policy of accepting an order below cost. Write a note recommending the acceptance of the order, substantiating your recommendation fully with the supporting figures to explain that the price offered would not be below cost and a sizeable profit also would be made. Also, comment on the pricing policy of the company.

9. What is BSC ? Explain the four perspectives of BSC.

10. Explain the principles of Total Quality Management.

11. Explain the types of Benchmarking and its impact on Indian Industry.

SECTION – D

12. **Compulsory** : **(1×12=12)**

Given a = 10 Hours and learning rate is 80%. You are required to calculate :

i) The average time for 30 units
ii) The total time for 50 units
iii) The time for units 31 to 50

log 2 = 0.301, Antilog of 0.5811 = 3.812

log 2 = 0.4771, Antilog of 0.5244 = 3.345

log 2 = 0.6021, Antilog of 0.4841 = 3.049