

2025**COMMERCE****Paper : CC-402****(Strategic Cost and Management Accounting)****Full Marks : 40***The figures in the margin indicate full marks.**Candidates are required to give their answers in their own words
as far as practicable.***Module - I**Answer *any two* questions.

1. What is Balanced Scorecard? How would you measure performance of a business unit using Balanced Scorecard? 2+8
2. The budgeted overheads and cost driver volumes of XYZ Ltd. are as follows :

Cost Pool	Budgeted Overheads (₹)	Cost Driver	Budgeted Volume
Material procurement	5,80,000	No. of orders	1,100
Material handling	2,50,000	No. of movements	680
Set-up	4,15,000	No. of set-ups	520
Maintenance	9,70,000	Maintenance hours	8,400
Quality control	1,76,000	No. of inspections	900
Machinery	7,20,000	No. of machine hours	24,000

The company has produced a batch of 2,600 components of AX-15; its material cost was ₹ 1,30,000 and labour cost ₹ 2,45,000. The usage activities of the said batch are as follows :

Material orders – 26, Maintenance hours – 690, Material movements – 18, Inspections – 28, Set-ups – 25, Machine hours – 1,800.

You are required to calculate cost driver rates that are used for tracing appropriate amount of overheads to the said batch and ascertain the cost of batch of components using Activity Based Costing.

6+4

**Please Turn Over
(3094)**

3. Division A is a profit centre, which produces four products P, Q, R and S. Each product is sold in the external market also. Data for the period is as follows :

	P	Q	R	S
Market Price per unit (₹)	350	345	280	230
Variable Cost of Production per unit (₹)	330	310	180	185
Labour hours required per unit	3	4	2	3

Product S can be transferred to Division B but the maximum quantity that might be required for transfer is 2,000 units of S.

The maximum sales in the external market are:

- P 3,000 units
- Q 3,500 units
- R 2,800 units
- S 1,800 units

Division B can purchase the same product at a slightly cheaper price of ₹ 225 per unit instead of receiving transfers of products S from Division A.

What should be transfer price for each unit for 2,000 units of S, if the total labour hours available in Division A are :

- (i) 24,000 hours
- (ii) 32,000 hours?

5+5

4. Write short notes on :

- (a) Economic Value Added (EVA)
- (b) Quality Costing
- (c) Responsibility Accounting.

4+3+3

Module - II

Answer *any two* questions.

5. ABC Ltd. manufactures three products – A, B and C. The following data are available :

Cost and Selling Price (per unit)

Particulars	Product A	Product B	Product C
Selling Price (₹)	150	120	100
Variable Cost (₹)	90	70	60

Resource Requirements per unit :

Resources	A	B	C
Machine Hours	3 hrs	2 hrs	1 hr
Skilled Labour Hours	2 hrs	1 hr	1 hr

Availability of Resources :

- Machine hours available : 3,000 hours
- Skilled labour hours available : 2,000 hours.

Additional Information :

- (i) Minimum production of Product A = 300 units (contractual obligation)
- (ii) Maximum demand :
 - A = 800 units
 - B = 1,000 units
 - C = 1,200 units
- (iii) Fixed cost = ₹ 50,000.

You are required to :

- (a) Determine the optimum product mix.
- (b) Calculate the maximum profit.

5+5

6. (a) Why is Value Chain Analysis important for cost management?

(b) Explain briefly the different types of Benchmarking in the organization.

5+5

7. PQR Ltd. manufactures two products using two types of materials and one grade of labour. Shown below is an extract from the Company's working papers for the next period's budget :

Particulars	Product A	Product B
Budgeted sales (units)	3600	4800
Budgeted material consumption, per product(kg)	5	3
Budgeted material cost ₹ 12 per kg	—	—
Standard hours allowed per product	5	4
Budgeted wage rate ₹ 8 per hour		

Overtime premium is 50% and is payable, if a worker works for more than 40 hours a week. There are 90 direct workers. The target productivity ratio (or efficiency ratio) for the productive hours worked by the direct workers in actually manufacturing the products is 80%, in addition the non-productive down time is budgeted at 20% of the productive hours worked.

There are twelve 5-day weeks in the budget period and it is anticipated that sales and production will occur evenly throughout the whole period.

Please Turn Over

(3094)

It is anticipated that the stock at the beginning of the period will be :

- Product A 1,020 units
- Product B 2,400 units
- Raw materials 4,300 kgs

The target closing stocks expressed in terms of anticipated activity during the budget period are :

- Product A : 15 days sales;
- Product B : 20 days sales;
- Raw materials 10 days consumption.

You are required to :

Calculate the Material Purchases Budget and the Wages Budget for the direct worker showing the quantities and values, for the next period. 6+4

8. (a) You are given the following information :

Budgeted production	6,000 units
Budgeted variable overhead	₹ 1,20,000
Standard time for one unit of output	2 hours
Actual production	5,900 units
Actual overhead incurred	₹ 1,22,000
Actual hours worked	11, 600 hours

Calculate :

- (i) Variable Overhead Cost Variance.
 - (ii) Variable Overhead Expenditure Variance.
 - (iii) Variable Overhead Efficiency Variance.
- (b) Explain briefly the significance of Standard Costing as a technique of cost control. 6+4