

KAMARAJ COLLEGE (Autonomous)

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(Affiliated to Manonmaniam Sundaranar University, Tirunelveli)

(4 Pages)

Reg. No:.....

Question Code: 26E00703

Course Code: 24PMCO21/25PMCO21

PG Degree - End Semester Examinations, April 2026

Second Semester

M.COM

Strategic Cost Management

(For those who joined in July 2024 and June 2025 onwards)

Time : 3Hours

Maximum : 75 Marks

PART - A (10 × 1 = 10 Marks)

Answer ALL Questions

Choose the correct answer:

- CO:1 1. Which of the following is not a primary activity of value chain?
K:1 (a) Infrastructure (b) Operations
(c) Inbound logistics (d) Service
- CO:1 2. TQM stands for _____
K:1 (a) Total Quality Management (b) Theory Queuing Management
(c) The Queuing Management (d) None of the above
- CO:2 3. Pareto analysis recognizes _____
K:2 (a) 80:20 Rule (b) 90:20 Rule
(c) 20:80 Rule (d) 70:20 Rule
- CO:2 4. The cost of rework is a cost related to _____
K:2 (a) Internal failure (b) Appraisal
(c) Prevention (d) None of the above
- CO:3 5. Activity based on cost management plays a valuable role in the _____ process of the organization.
K:2 (a) Balance Sheet (b) Budgeting
(c) Financial (d) None
- CO:3 6. ABC system is applied for _____ intensive.
K:3 (a) Capital (b) Labour
(c) Land (d) Machine

- CO:4 7. Goal congruence means _____
 K:1 (a) Objectives of managers match with the organization (b) Objectives of managers match with the society
 (c) Objectives must be simple (d) Objectives must be explained clearly
- CO:4 8. _____ is that notional value at which goods and services are transferred between divisions in a decentralized organization.
 K:2 (a) Transfer Price (b) Skimming Price
 (c) Negotiating Price (d) Penetrating Price
- CO:5 9. Direct cost include _____
 K:1 (a) Human Labour (b) Bullock labour
 (c) Hired bullock labour (d) All of the above
- CO:5 10. MSP was introduced _____
 K:2 (a) To protect farmers (b) To harvest seasons
 (c) To repayment debts (d) None

PART - B (5 X 5 = 25 Marks)

Answer ALL Questions choosing either (a) or (b).

Answer should not exceed 250 words.

- CO:1 11. (a) Differentiate cost control with cost reduction.
 K:4 **(OR)**
 (b) Outline the value chain analysis and its phases.
- CO:2 12. (a) Determine the importance of Product Life cycle costing.
 K:5 **(OR)**
 (b) Evaluate Pareto analysis.
- CO:3 13. (a) A company manufacturers 500 units of product AX. Details are below: Find out the total material cost activity under activity based method.
 K:3
- | | |
|------------------------------|----------|
| Material cost to manufacture | 1,50,000 |
| Labour cost | 2,50,000 |
| Material Reordering cost | 4,500 |
| Material handling cost | 2,500 |
| Material orders | 35 |
| Material movements | 20 |

(OR)

(b) B Ltd. has decided to adopt JIT policy for materials. The following effects of JIT policy are identified-

1.To implement JIT, the company has to modify its production and material receipt facilities at a capital cost of Rs.10,00,000. The new machine will require a cash operating cost Rs.1,08,000 p.a. The capital cost will be depreciated over 5 years.

2.Raw material stockholding will be reduced from Rs.40,00,000 to Rs. 10,00,000.

3.The company can earn 15% on its long-term investments.

4.The company can avoid rental expenditure on storage facilities amounting to Rs. 33,000 per annum. Property taxes and insurance amounting to Rs. 22,000 will be saved due to JIT programme.

5.Presently there are 7 workers in the store department at a salary of Rs.5,000 each per month. After implementing JIT scheme, only 5 workers will be required in this department. Balance 2 workers' employment will be terminated.

6.Due to receipt of smaller lots of raw materials, there will be some disruption of production. The costs of stock-outs are estimated at Rs.77,000 per annum.

Determine the financial impact of the JIT policy. Is it advisable for the company to implement Just In Time system?

CO:4 14. (a) Your company fixes the inter-divisional transfer prices
K:3 for its products on the basis of cost, plus a return on investment in the division. The Budget for Division A for 2023-24 appears as under:

Particulars	(Rs.)
Fixed Assets	5,00,000
Current assets	3,00,000
Debtors	2,00,000
Annual Fixed Cost of the Division	8,00,000
Variable Cost per unit of Product	10
Budgeted Volume	4,00,000 units

Desired ROI

Determine the transfer price for Division A

(OR)

(b) Explain the methods of transfer pricing.

CO:5 15. (a) Explain Minimum Support Price.

K:5

(OR)

(b) Explain Information Technology (IT) sector.

PART - C (5 X 8 = 40 Marks)**Answer ALL Questions choosing either (a) or (b).****Answer should not exceed 600 words.**

CO:1 16. (a) Explain the tools of cost reduction.

K:5

(OR)

(b) Explain the importance of supply chain management.

CO:2 17. (a) Comment about the utility of Pareto analysis.

K:5

(OR)

(b) "Total Quality Management is vital for growth" – Justify.

CO:3 18. (a) Discuss the various stages of Activity Based Cost Management.

K:5

(OR)

(b) Explain the benefits of Activity Based Cost system.

CO:4 19. (a) Write the steps involved in effective pricing.

K:5

(OR)

(b) Give out the features of Yield Management.

CO:5 20. (a) Cost management in Agricultural Business-Discuss.

K:4

(OR)

(b) Give out the stages of cost management.