Total No. of Questions : 4]

SEAT No. :

P3862

[Total No. of Pages : 3

[5805] - 209
M.Com. (Part - I)
207 : APPLICATION OF COST ACCOUNTING
(2019 Pattern) (Semester - II) (Group - C) (Credit System)

Time : 3 Hours] *[Max. Marks : 60*

Instructions to the candidates :

1) ***All questions are compulsory.***
2) ***Figures to the right indicate full marks.***
3) ***Use of calculator is allowed.***

Q1) Indigo Ltd., Pune has earned the profit of Rs. 28,900 as per cost books for the year ended 31st March 2020. their stock position as per cost books and financial books were summarized as follows **[15]**

Particular	CB	FB
Stock as on 1st April 2019		
Raw material	5900	7400
Work in progress	3500	4900
Finished goods	6100	3800
Stock as on 31st March 2020		
Finished goods	5400	7100
Raw material	3200	1900
Work in progress	2800	1300

The following additional information is also made available on comparison of cost and financialbook

Interest on Dena bank loan was Rs. 2,700, payment on business tax Rs. 2,900, cash discount allowed book debts Rs. 1,700, Goodwill returned off Rs. 2600, and gain on revaluation of leasehold lands Rs. 4,100, collection of transfer fees Rs. 1,200. cash discount received from accounts payable Rs. 5,900, goods and service tax Refunds Rs. 3,300 etc .were taken off exclusively from financial book and totally exclude from cost book.

You are required to find out the profit as per financial books by preparing reconciliation statement for the year ended 31st march 2020.

OR

Define Product Life cycle costing. Explain the Phases of PLC Costing.

P.T.O.

Q2) A company manufacturing two products furnishes the following data for a year : **[15]**

Product	Annual Output (Units)	Total Machine hours	Total number of purchase orders	Total number of set-ups
A	5,000	20,000	160	20
B	60,000	1,20,000	384	44

The annual overheads are as under :

Volume related activity costs — Rs. 5,50,000

Set up related costs — Rs. 8,20,000

Purchase related costs — Rs. 6,18,000

You are required to calculate the cost per unit of each Product A and B based on :

a) Traditional method of charging overheads.

b) Activity based costing method.

OR

Meaning of Value chain analysis. Explain the benefits and limitations of Value chain analysis.

Q3) Sahyadri Ltd., Pune has two divisions X and Y. Div. X produces 40,000 units of product Stand entirely transfers it to Div. Y, where product S, is further processed and finally product S produced qualitatively. The external market price of the final product S is 80 per unit Unlimited quantities of S can be purchased and sold in the External Market at 45 per unit. The e following cost statement gives analytical data about actual production cost per unit of the two divisions separately. **[15]**

Particulars	Divisions	
	X Rs.	Y Rs.
Raw Materials Cost	6	3
Direct Labour	7	9
Chargeable Expenses	1	1
Variable Overheads. (+)	12	5
Variable Cost	26	18
Fixed Overheads. (+)	4	7.50
Full Cost	30	25.50

You are required to calculate the Operating Profit of both the divisions using

a) Market-based Transfer Pricing Method and

b) 120% of Full Cost Method

Which Transfer Pricing Method Will Div. X prefer and why?

OR

Define transfer pricing. Explain the Methods of transfer pricing.

Q4) Short Notes (any three) : **[15]**

a) Steps in value chain analysis process.

b) Explain the steps in activity based costing.

c) Benefits of product life cycle Costing.

d) Importance of value chain analysis in assessing competitive advantage.

e) Need for Reconciliation between financial & Cost Accounts.

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