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BACHELOR OF COMMERCE(B.COM)
EXAMINATION – DECEMBER - 2025
FIFTH SEMESTER

Sub.: Strategic Cost Accounting (BCOM23-505C)

Date: 22/12/2025

Total Marks: 60

Time: 10.00 am to 12.30 pm

Instructions: 1) All questions are compulsory. 2) Figures to the right indicate full marks.

Q.1 a) Fill in the blanks (Any 5) (05)

1. In Strategic Cost Management, the value chain concept was introduced by ____
 - a) Peter Drucker
 - b) Michael Porter
 - c) Philip Kotler
 - d) Henry Fayol
2. Which of the following is a tool of contemporary cost management ____
 - a) Volume-based allocation
 - b) Variance analysis
 - c) Activity-Based Costing (ABC)
 - d) Job order costing
3. In ABC system, the cost drivers are used to ____
 - a) Record cash transactions
 - b) Identify factors that cause activities' costs
 - c) Reduce selling & distribution costs
 - d) Control direct material usage
4. A key feature of JIT is ____
 - a) Production in anticipation of demand
 - b) Large stockpiles of raw materials
 - c) Continuous improvement & zero defects
 - d) Focus only on cost reduction
5. Which of the following is NOT typically targeted under overhead-specific Kaizen costing?
 - a) Administrative salaries
 - b) Factory rent
 - c) Direct raw materials
 - d) IT software licenses
6. Overhead-specific Kaizen costing challenges the assumption that overheads are always
 - a) Variable
 - b) Fixed or semi-variable
 - c) Controllable
 - d) Direct in nature
7. In Lean Accounting, costs are primarily assigned to:
 - a) Departments
 - b) Individual products
 - c) Value streams
 - d) Cost centers

b) State whether the following statement are true or false (any 5) (05)

1. Strategic Cost Management deals only with minimizing costs, not with competitive advantage.
2. Fixed Overhead Spending Variance arises due to differences between actual output and standard output.
3. Basic standards are revised frequently to reflect current market conditions.
4. Just-In-Time (JIT) aims to minimize waste by receiving materials only when they are needed in

the production process.

5. Product-specific Kaizen costing enables quicker identification of product-level issues and bottlenecks.
6. Socio-economic costing only considers financial profits and ignores environmental or social impacts.
7. Standards are usually set without considering the opinions of different departments.

Q. 2 a) Explain various stages in strategic cost management (20)

Or

- b)** Under traditional approach overheads are first allocated and apportioned to various production departments and service departments.
The overheads of production departments and service departments are charged on suitable basis like machine hours, labour hours, etc.

	Product X	Product Y
Annual output in units	10,000	20,000
Total machine hours	20,000	10,000
Total Annual overhead	Rs. 3,00,000	

Q. 3 a) RPS Ltd follows JIT system. It had following transaction in May'2023. (10)

1. Raw materials were purchased for Rs. 2,00,000
2. Direct labour cost incurred Rs. 36,000
3. Actual overhead cost Rs. 3,00,000
4. Conversion Cost applied Rs. 3,16,000

All materials that were purchased, were placed into production and the production was also completed and sold during the month. The difference between actual and applied cost is computed.

You are required to pass Back-flush journal entries

b) Write short notes. (Any 2) (05)

1. Uses of JIT
2. Limitations of ABC
3. Five 'S' in Kaizen Costing
4. Material cost variance

Q. 4 a) From the below given data, calculate the variance due to Material price, Material usage, Wage rate, Labour efficiency. (15)

Item	Standard cost	Actual Cost
Direct material	10,000 units @ 0.60 per unit	11,000 units @ 0.70 per unit
Direct labour	16,000 hours @ 1.25 per hour	15,000 hours @ 1.35 per hour

OR

- b)** What is Throughput Costing? Explain various steps of Throughput Costing.