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BACHELOR OF COMMERCE(B.COM)
EXAMINATION – MAY - 2026
FIFTH SEMESTER

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

Date: 19/05/2026

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. Overhead-specific Kaizen costing challenges the assumption those overheads are always.
 - a) Variable
 - b) Fixed or semi-variable
 - c) Controllable
 - d) Direct in nature
2. A major advantage of product-specific Kaizen costing is _____.
 - a) Cost reductions are spread evenly across all products
 - b) Direct profitability improvement for that product
 - c) Avoiding team specialization
 - d) Elimination of customer focus
3. Sales Price Variance arises due to the difference between _____.
 - a) Actual and standard quantity sold
 - b) Actual and standard selling price
 - c) Actual and budgeted fixed overhead
 - d) Actual and standard labor hours
4. Which of the following is a tool of contemporary cost management _____.
 - a) Variance analysis
 - b) Volume-based allocation
 - c) Activity-Based Costing (ABC)
 - d) Job order costing
5. 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
6. In Lean Accounting, costs are primarily assigned to _____.
 - a) Departments
 - b) Individual products
 - c) Value streams
 - d) Cost centers
7. Fixed Overhead Volume Variance is favorable when:
 - a) Actual output < Budgeted output
 - b) Actual selling price < Standard selling price
 - c) Actual output > Budgeted output
 - d) Actual fixed costs < Budgeted fixed costs

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

1. Fixed Overhead Spending Variance arises due to differences between actual output and standard output.
2. Favorable Sales Volume Variance indicates actual sales were higher than budgeted sales.
3. Strategic Cost Management deals only with minimizing costs, not with competitive advantage.
4. One of the advantages of standard costing is that it helps in cost control and performance evaluation.
5. Just-In-Time (JIT) aims to minimize waste by receiving materials only when

6. Basic standards are revised frequently to reflect current market conditions.
7. Lean Accounting focuses on value creation, waste elimination, and flow instead of detailed variance analysis.

- Q. 2 a)** Divya Design company is noted for full line of quality products. The company operates on the plant in Pune. That plant produces 2 types of products, design A, and contemporary B, Vivek is the president of the company recently decided to change from a volume-based costing system to an activity-based costing system. Before making the change, company- wide he wanted to assess the effect on the product cost of the Pune plant. This plant was chosen because it produces only 2 types of products, most other plants produce atleast a dozen. To assess the effect of change, the following data have been gathered. (20)

Products	Quantity	Prime cost	Machine Hours	Material Moves	Setups
Design A	4,00,000	14,00,000	50,000	14,00,000	200
Contemporary B	1,00,000	3,00,000	25,000	2,00,000	100
Total value (Rs)	-	5,00,000	5,00,000	6,00,000	9,00,000

Rs. 5, 00,000 is cost maintenance of the machine.

Total overhead is Rs. 20, 00,000.

Under the current system, the cost of maintenance, material handling and setups, are assigned to the products on the basis of machine hours.

Required

1. Compute the unit cost of each product using the current unit-based approach.
- Compute the unit cost of each product using an activity based costing approach

Or

- b)** Differentiate between Traditional and Contemporary cost management

- Q. 3 a)** NPTL Ltd follows JIT system. It had following transaction in May'2026 (10)
1. Raw materials were purchased for Rs. 1,00,000
 2. Direct labour cost incurred Rs.18,000
 3. Actual overhead cost Rs. 1,50,000
 4. Conversion Cost applied Rs. 1,58,000

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. Five 'S' in Kaizen Costing
2. Cost Control
3. Cost Unit
4. Labour cost variance

- Q. 4 a)** Define strategic cost management. State it features. (15)

OR

- b)** A steel factory works on a standard costing system. Calculate Material Price, Materials And Usage and Material Cost Variance.

1. The standard estimate for materials of 2,000 units of commodity is 800 kg @ Rs. 5.00 per kg.

When 4,000 units of commodity are manufactured, it is found that 1640 kg, of material are consumed @ Rs. 5.20 per kg.