



IV Semester M.Com. Degree Examination, June/July 2018  
(CBCS)  
COMMERCE

AT 4.3 : Strategic Cost Management – II

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer any seven of the following sub-questions (in about 3-4 lines each).  
Each sub-questions carries two marks. (7×2=14)
- a) What do you mean by Marginal Cost Pricing ?
  - b) Mention the factors by which the choice of strategy is influenced.
  - c) Mention any two objectives of transfer pricing.
  - d) Differentiate between learning curve and experience curve.
  - e) State any two examples for prevention cost.
  - f) What do you mean by cost of Non-conformance ?
  - g) Define TQM.
  - h) What do mean by Benchmarking ?
  - i) State any three criteria for setting transfer prices.
  - j) What do you mean by customer perspective in Balanced Score Card ?

SECTION – B

Answer any four of the following (In about one page). Each question carries 5 marks. (4×5=20)

2. "The learning curve will pass through three different phases." Discuss.



3. SLV Ltd., budgets to make 1,00,000 units of product P. The variable cost per unit is Rs. 10. Fixed cost are Rs. 6,00,000. The finance director has suggested that the cost plus approach should be used with a profit mark up of 25%. However, the marketing director disagreed and has supplied the following information :

Price per unit (Rs.)	Demand (Units)
18	84000
20	76000
22	70000
24	64000
26	54000

As Management Accountant of the company analyze the above proposal and comment.

4. Explain the procedure in the implementation of cost of quality report.
5. A company manufactures a specialized equipment. Direct labour required to make the first equipment is 2000 hours. Learning curve is 80%. Direct labour cost is Rs. 4 per hour. Direct material needed for one equipment is Rs. 7,200. Fixed overheads are Rs. 32,000.

Required :

- Using the learning curve concept calculate the expected average unit cost of making (a) 4 equipments and (b) 8 equipments.
  - After manufacturing 8 equipments, if a repeat order for manufacturing of another 8 equipments is received, what lowest price can be quoted for the repeat order ?
6. "Quality improvement process of the TQM process is through a six-step activity sequence, identified by the acronym PRAISE". Discuss.