

24. Aryan ltd produces two products details of which are furnished below:

Output in units	15,000	25,000
Total prime cost	75,000	1,00,000
Variable overhead	25,000	25,000
Fixed cost	50,000	25,000

You are required to compute the transfer price per unit.

If 25% profit on cost is required, 20% on transfer price is required.

25. Explain the importance of cost management in agriculture sector.

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Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

1. Give meaning of strategic cost management.
2. Define kaizen costing.
3. What is just-in-time (JIT)?
4. What do you mean by target costing?
5. Write note on cost control.
6. What is activity based costing?
7. Define budgeting.
8. What is negotiated pricing?
9. Give meaning to transfer pricing.
10. What do you mean by minimum support price?
11. What is IT sector?
12. Write note on cost reduction.

PART B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. Explain the need and importance of strategic cost management.
14. List out the benefits of lean system.
15. Write the principles of target costing.
16. Aruna Ltd. Produces two products x and y . The overhead is 3,00,000 and direct labour hour are 10,000 machine processing overhead is Rs.3,00,000 machine hours of x 5,000 and that of y are 1000. Find out the overhead cost under activity based cost method and traditional method.
17. A firm's total cost per unit of the product is Rs.750 per unit. If the expected rate of return 30% of cost. What is the transfer price per unit.
18. Analyse the features of agriculture sector.
19. Differentiate between cost control and cost reduction.

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PART C — (4 × 10 = 40 marks)

Answer any FOUR questions.

20. Distinguish between strategic cost management and traditional cost management.
21. Explain the various stages of product life cycle costing.
22. Analyse the benefits of activity based costing.
23. Compute the cost driver rates from the following.

Particulars	Overhead Cost
Material procurement cost	8,00,000
Material handling cost	5,00,000
Quality control cost	4,00,000
Setting up cost	6,00,000
Maintenance cost	12,00,000
No of orders	1,000
No of movements	2,000
No of setting up hours	500
No of inspections	800
Maintenance hours	2,000

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