Program:	**T.Y.B.Com(MS)**	**Semester:**	**V**	**Program Code:**	**UGMS02**
Course:	**Strategic Cost Management**			**Course Code:**	**NUMS501**
Duration:	**2 Hour**	**Examination Pattern:**	**NEP-Autonomous**	**Max. Marks:**	**60**

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Draw neat diagrams wherever necessary.
4. CO (Course Outcome), KL (Knowledge Level).

Examination:

REGULAR

Q. 1		**Attempt the Following:**				**[15]**	**CO's**	**KL's**
	(a)	**Fill in the blanks with an appropriate answer from the alternatives given.**				**[08]**		
		I	Sales are ₹8,10,000 and ₹10,26,000 while profits are ₹21,600 and ₹64,800 respectively. The P/V Ratio is_____.					
			a.	15%	b.	20%		
			c.	25%	d.	30%		
		II	Standard labour rate is ₹4 per hour and actual labour rate is ₹3.50 per hour. Actual labour hours are 48,000. Labour Rate Variance is_____.					
			a.	₹24,000 F	b.	₹24,000 A		
			c.	₹20,000 F	d.	₹30,000 F		
		III	Machine Setup Cost is ₹12,00,000 and total setups are 1,200. Product B uses 390 setups. The cost allocated to Product B is_____.					
			a.	₹3,60,000	b.	₹3,90,000		
			c.	₹4,00,000	d.	₹4,20,000		
		IV	Sales are ₹40 lakhs with profit of ₹4 lakhs and sales are ₹60 lakhs with profit of ₹8 lakhs. The Break-Even Point Sales are_____.					
			a.	₹15 lakhs	b.	₹20 lakhs		**CO1**
			c.	₹25 lakhs	d.	₹30 lakhs		**CO2**
		V	Standard quantity is 75,000 kg and actual quantity used is 78,000 kg at a standard price of ₹4 per kg. Material Usage Variance is_____.					**CO3**
			a.	₹12,000 F	b.	₹10,000 A		**CO4**
			c.	₹12,000 A	d.	₹15,000 A		**CO5**
		VI	Selling Price per unit is ₹50 and Variable Cost per unit is ₹30. The Contribution per unit is_____.					
			a.	₹10	b.	₹20		
			c.	₹15	d.	₹25		

L3

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		VII	Division A has variable cost of ₹80 per unit and can sell the product externally for ₹120 per unit. Division B requires the product as an intermediate input. The minimum transfer price per unit is_____.						
			a.	₹80	b.	₹120			
			c.	₹100	d.	₹200			
		VIII	Fixed Cost is ₹2,00,000 and Contribution per unit is ₹20. The Break-Even Point in units is_____.						
			a.	5,000 units	b.	8,000 units			
			c.	12,000 units	d.	10,000 units			
	(b)	**State whether the following statements are true or false.**					**[07]**		
		I	Six Sigma is a technique aimed at reducing defects and improving quality.						
		II	Labour Rate Variance arises because of the difference between standard labour rate and actual labour rate.						
		III	Cost Audit is concerned with examination of cost records.					**CO1**	
		IV	Value Analysis aims at achieving the required function at the lowest possible cost.					**CO2**	**L1**
		V	Activity Based Costing allocates overheads using appropriate cost drivers.					**CO3**	**L2**
		VI	Material Price Variance is calculated using the difference between Standard Price and Actual Price.					**CO4**	
		VII	An increase in fixed cost, other things remaining constant, decreases the Break-Even Point.					**CO5**	
Q. 2		**Answer the Following:**						**CO's**	**KL's**
	(a)	What is strategic cost management? What are its objectives?					**[08]**	**CO1**	**L4**
	(b)	What is value Analysis? Explain the steps in value analysis.					**[07]**	**CO1**	**L4**
		OR							
	(c)	What is Cost Audit? Who can be appointed as a Cost Auditor?					**[07]**	**CO5**	**L4**
	(d)	What is 'Six Sigma'? What are its features?					**[08]**	**CO5**	**L4**
Q. 3		**Solve the Following:**					**[15]**	**CO's**	**KL's**
	(a)	The Reliable Battery Co., furnishes you the following income information :							

Year 2015		
	First half year ₹	Second half year ₹
Sales	8,10,000	10,26,000
Profit earned	21,600	64,800

From the above, you are asked to compute the following assuming that the fixed cost remains the same in both the periods: **CO3** **L3**

1. Profit/Volume Ratio.
2. Fixed Cost.
3. Amount of profit or loss when sales are ₹ 6,48,000.
4. Amount of sales required to earn a profit of ₹ 1,08,000.

OR

(b) DEF Bank operated for years under the assumption that profitability can be increased by increasing Rupee volumes. But that has not been the case. Cost analysis has revealed the following : **[15]** **CO2** **L3**

Activity	Activity Cost (₹)	Activity Driver	Activity Capacity
Providing ATM Service	1,00,000	No. of transactions	2,00,000
Computer Processing	10,00,000	No. of transactions	25,00,000
Issuing Statements	8,00,000	No. of statements	5,00,000
Customer Inquiries	3,60,000	Telephone minutes	6,00,000

The following annual information on three products was also made available :

Particulars	Savings Accounts	Personal Loans	Credit Cards
Units of product	30,000	5,000	10,000
ATM transactions	1,80,000	0	20,000
Computer transactions	20,00,000	2,00,000	3,00,000
Number of statements	3,00,000	50,000	1,50,000
Telephone minutes	3,50,000	90,000	1,60,000

Required:

1. Calculate rates for each activity.

Using the rates computed in requirement (1), calculate the cost of each product.

Q. 4 **Solve the Following:** **[15]** **CO's** **KL's**

(a) Standard Material for 100 Kg. Chemical A is give below : **CO4** **L3**

Kg.		Total ₹
45	Of Material X at ₹ 4 per Kg.	180.00
40	Of Material Y at ₹ 8 per Kg.	320.00
25	Of Material Z at ₹ 12 per Kg.	300.00
110		800.00
10	Standard Loss	-
100		800.00

Actual production is 2,000 units of chemical A and actual material usage is as follows:

Kg.		Total ₹
1,000	Of Material X at ₹ 3.80 per Kg.	3,800
850	Of Material Y at ₹ 8.40 per Kg.	7,140

		450	Of Material Z at ₹ 13 per Kg.	5,850			
				16,790			
		Calculate: (a) Material Cost Variance (b) Material Price Variance (c) Material Mix Variance (d) Material Yield Variance (e) Material Usage Variance					
		OR					
	(b)	**Write Shorts Notes on: (Any 3)**		**[15]**	**CO's**	**KL's**
	I	Life Cycle Costing			**CO1**	**L4**
	II	Activity Based Costing			**CO2**	
	III	Material Usage Variance			**CO3**	
	IV	Transfer Pricing			**CO4**	
	V	Break Even Point			**CO5**	

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