

- Note:
1. All questions are compulsory with internal options.
  2. The figures to the right indicate full marks.
  3. Draw a neat diagram wherever necessary.

**Q. 1 (A) Fill in the blanks with the correct answer from the alternatives given below. (08)**  
**( Attempt any 8)**

- (1) Valuation of stock in marginal costing is done at  
 (a) Total Cost (b) Marginal Cost  
 (c) Fixed cost (d) Contribution
- (2) In kaizen Costing, organisational excellence is achieved through  
 (a) Onetime improvement (b) No improvement  
 (c) Decreased improvement (d) Continuous improvement
- (3) ABC analysis is primarily used for:  
 (a) Financial reporting (b) Absorption costing  
 (c) Cost allocation based on activities (d) Marginal costing
- (4) Which of the following is an example of a cost driver?  
 (a) Sales Revenue (b) Machine hours  
 (c) Depreciation expense (d) Fixed overhead cost
- (5) If actual costs are lower than standard costs, the variance is:  
 (a) Unfavorable (b) Negative  
 (c) Fixed (d) Favorable
- (6) Break-even point is the level of activity where total cost is equal to \_\_\_\_\_.  
 (a) Total Revenue (b) Total Fixed Cost  
 (c) Total Variable Cost (d) Total Contribution
- (7) Which of the following is an example of an indirect cost?  
 (a) Direct Material (d) Direct Labour  
 (c) Special Raw Material (b) Factory Rent
- (8) Which of the following is an external factor influencing strategic cost management?  
 (a) Production methods (b) Market competition  
 (c) Budgeting policies (d) Internal process improvement
- (9) Which method considers both financial and non-financial aspects of performance measurement?  
 (a) Balanced Scorecard (b) Absorption costing  
 (c) Standard costing (d) Traditional costing
- (10) \_\_\_\_\_ is not a fixed cost.  
 (a) Salary to Staff (b) Salesman Commission  
 (c) Depreciation on Computer (d) Supervisors Charges

**(B) State whether the following statements are True or False. ( Attempt any 7) (07)**

- (1) Kaizen costing eliminates unnecessary journal entries.
- (2) Under ABC analysis, factory maintenance is a facility-level activity
- (3) In standard costing, it's a comparison between the Actual cost and the estimated cost.
- (4) P in PVR stands for Profit.
- (5) Building Fire Insurance is a facility-level activity.
- (6) Marginal cost is another name for Fixed cost

- (7) A cost centre manager is responsible for revenue generation.  
 (8) The margin of Safety is excess of sales over budgeted sales  
 (9) Sales variance is the calculation of finished goods sold.  
 (10) BPR stands for Business Progress Regression.

Q.2 (a) The following data is available.

(15)

Particulars	Sales (Rs.)	Profit (Rs.)
Year 1	85,00,000	10,00,000
Year 2	125,00,000	30,00,000

Assuming that the cost structure and the selling price remain the same:  
 Calculate:

- PV ratio
- Fixed Cost
- BEP Sales
- Margin of Safety (Year 1 & Year 2)
- Required Sales if Desired Profit is Rs. 50,00,000/-
- If Fixed cost is increased by Rs.750,000/-, calculate Revised BEP Sales

OR

Q.2 (p) What is Standard Costing? What are the advantages and disadvantages of Standard Costing?

(08)

(q) What is Return on Investment (ROI)? Explain.

(07)

Q.3 (a) The Zoozoo Ltd. manufactures a particular product. The details of material cost for 1 unit of the product are stated below:

(15)

Raw material	Units	Rate
X	18	20
Y	12	35
A	20	45
Total	60	

In a particular period, 1000 units of the product were produced. The actual cost details are as below.

Raw material	Units	Rate
X	18500	21.5
Y	11800	34
A	20100	44
Total		

Calculate all five material variances.

OR

Q.3 (p) Explain the benefits of Cost Audit?

(08)

(q) What are the various types of Responsibility centers? Explain.

(07)

Q.4 (a) XYZ Ltd. is following ABC. Budgeted overheads and cost drivers volumes are as follows:

(15)

Cost pool	Budgeted Overhead	Cost Drivers	Budgeted Volume
Material Procurement	232,000	No. of orders	400
Material Handling	100,000	No. of movements	100
Maintenance	260,000	Maintenance Hrs	1300
Set up	166,000	No. of Setups	415

The company has produced a batch of 2600 components. Its material cost was Rs.560,000/- and Labour cost Rs.390,000/-. Usage activities:

Material orders	125
Material movements	25
Set ups	80
Maintenance Hrs	180

Calculate:

- Cost Driver rates
- Overhead cost allocation to this batch as per ABC method
- Total Cost of Batch of components

OR

- Q.4 (p) What is Benchmarking? What are the types of Benchmarking? (08)  
 (q) What is the Transfer Price? What are the characteristics of Transfer price? (07)

- Q.5 (a) From the following information, calculate Sales variance (All) (15)

Product	Standard Units	Standard Rate	Actual Units	Actual Rate
S	7500	110	7750	108
L	4500	180	4450	110
H	5000	120	5200	115

OR

- Q.5 (p) Write short notes on ( Attempt any 3) (15)
- Total Quality Management
  - Cost Volume Profit Analysis
  - Balanced Scorecard
  - Absorption costing
  - Strategic Cost Management

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