S.Y.BMS - SEM IV Reg. Exam - April'2018
ATKT
S.C.M.
4.5.18

Q. P. Code: 34350

Duration: 2 ½ Hours

Maximum Marks: 75

All Questions are Compulsory Carrying 15 Marks Each

Q 1

A] State following statements are true or false **(attempt any 8 from the following)** [8Marks]

1. Strategic cost management ensures continuous improvement.
2. Value engineering does not reduce cost.
3. Waste can be reduced by 'Just In Time'.
4. Cost driver is an activity that generates cost.
5. Kaizen considers employees as liability.
6. Transfer pricing is an internal pricing system.
7. Marginal cost includes variable cost.
8. Management audit is performance audit.
9. Cost data is used for managerial decision making.
10. All controllable costs are direct cost.

B] Match the columns **(Attempt any 7)** [7 Marks]

Column 'A"	Column 'B'
1) Rework	a) Control Over Cost
2) TQM	b) Profitability Accounting
3) Prevention Cost	c) Creates Quality Awareness
4) Breakdown Maintenance	d) Quality Cost
5) Cost Audit Report	e) Originated in Motorola
6) Maintenance of Cost Records	f) Strategic Cost management Technique
7) ABC	g) As per CRA rules 2014
8) Six Sigma	h) In Form CRA 3
9) Responsibility Accounting	i) Appraisal Cost
10) Cost Centre	j) Maintenance Cost

Q 2. Arrowhead Ltd manufacturing two products furnishes the following data for the year:

[15 Marks]

Products	Annual Output(Units)	Total Machine Hours	Total Number of Purchase orders	Total Number of Set ups
T 84	5000	20,000	160	20
T 85	60,000	1,20,000	384	44

The annual overheads are as follows:

Particulars	Rs
Volume Related Activity Costs	5,50,000
Set Up related Costs	8,20,000
Purchase Related Costs	6,18,000

You are required to calculate the overhead charge per unit of each product T84 and T85 based on:

1. Traditional method of charging overheads
2. Activity based costing method.

OR

A] Write a Note on Kaizen Costing [8Marks]

B] The following details are given for Unit A and For Unit B of Star Ltd [7Marks]

Expected monthly sales to Unit B: 5000 units

Variable Cost per unit: Rs 5

Monthly Fixed Cost Assigned to the Product: Rs 20,000

Investment in working capital and other facilities: Rs 1, 20,000

Return on investment: 10% per annum.

You are required to calculate the transfer price.

Q 3 Falcon Equipment Ltd manufactures four components [15Marks]

The cost structure of which is given below:

Particulars	J(Rs)	V(Rs)	L(Rs)	R(Rs)
Direct Material	80	100	100	120
Direct Labor	20	25	25	30
Variable Overheads	10	12	15	10
Fixed Overheads	15	23	20	20
Total	125	160	160	180
Output Per Machine Hour (Unit)	4	2	3	3

The key factor is machine capacity

You are required to advise the management whether to make or buy them from a supplier who quotes following prices:

J: Rs 115, V: Rs 175, L: Rs 135, R: Rs 185

OR

A] Write a Note on SIX SIGMA [7marks]

B] Following is the data of Leopard Ltd [8Marks]

The turnover and profit level during last 2 periods were as follows:

Particulars	Sales (Rs)	Profit(Rs)
Period I	40,00,000	4,00,000
Period II	60,00,000	8,00,000

Assuming that the cost structure and selling price remains the same in two periods

Calculate:

1. Profit Volume Ratio
2. Break Even Point Sales
3. The Sales required to earn profit of Rs 10, 00,000.
4. Margin of Safety in Period II.

Q 4 Calculate Material & Labour Variances from the following data [15 Marks]

Standard per Unit

Material: 6kg @Rs 4 per Kg

Labour: 4 Hours @Rs 4 per Hour

Actual Production for the month: 1250 Units

Actual Material Price per KG: Rs 4.50

Material used during the month: 7800 Kgs

Direct Labour Hours Worked: 4800 Hours

Actual Wages rate per Hour: Rs 3.50

OR

A] Write a note on Cost Centre [7marks]

B] Following Information is extracted from the records of Vulture Ltd. [8Marks]

Sales	Rs 80,00,000
Net Book Value of Assets	Rs 25,00,000
Net Income	Rs 6,40,000
Minimum Rate of Return	12%

Required:

1 Calculate Rate of Return on Investment and return on sales.

2 Calculate Residual Income.

Q 5 A] What is strategic cost management? What are its objectives? [7Marks]

B] Explain in details: Factors affecting transfer pricing. [8Marks]

OR

Write **any 3** short notes from the following [15Marks]

1. Total Quality Management
2. Life Cycle Costing
3. Learning Curve
4. Standard Costing
5. Responsibility Centre

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