C 1699 (Pages : 3) Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE (SUPPLEMENTARY/IMPROVEMENT) EXAMINATION, MARCH 2021

(CUCSS)

M.Com.

MC 4C 15—COST MANAGEMENT

(2015 Admissions)

Time : Three Hours Maximum : 36 Weightage

Part A

Answer **all** *questions.*
Each question carries 1 *weightage.*

1. What do you mean by Bench Marking ?
2. What is KAIZEN costing ?
3. What do you mean by BPR ?
4. Define by-products.
5. What do you mean by Material Price Variance ?
6. What do you mean by ABC ?

(6 × 1 = 6 weightage)

Part B

Answer any **six** *questions.*
Each question carries 3 *weightage.*

7. Explain the main techniques of Strategic Cost Management.
8. What do you mean by target costing ? What are the steps involved in it ?
9. What are the limitations of historical costing ?
10. ABC Ltd has collected the following data for its two activities. It calculates cost rates based on cost driver capacity :—

Activity	Cost driver	Capacity	Cost
Power	Kilowatt hours	60,000 kilowatt hour	₹3,00,000
Inspection	No. of inspections	25,000 inspections	₹5,00,000

Turn over

The company makes three products, A, B and C for the year ended 31 March, 2019, the following consumption of cost drivers was reported.

Product	Kilowatt hours	Quality inspection
A	10,000	10,000
B	25,000	8,000
C	20,000	5,000

Required :

(i) Compute the cost allocated to each product from each activity.

(ii) Calculate the cost of unused capacity for each activity.

11. In process A 100 units of raw materials were introduced at a cost of ₹1,000. The other expenditure incurred by the process was ₹ 602. Of the unit introduced 10% are normally lost in the course of manufacture and they possess a scrap value of ₹ 3 each. The output of process A was only 75 units. Prepare process A a/c and abnormal loss a/c.

12. XY Ltd manufactures three joint products- A, B and C, the actual joint expenses of manufacture for a period were ₹ 8,000.

It was estimated that the profit on each product as a percentage of sale would be 30%, 25% and 15% respectively. Subsequent expense were as follows :

	A (₹)	B (₹)	C (₹)
Material	100	75	25
Direct wages	200	125	50
Overhead	150	125	75
Sales	6,000	4,000	2,500

Prepare a statement showing the apportionment of the joint expenses of manufacture over different products.

13. In a factory 100 workers are engaged and average rate of wages is ₹ 5 per hour. Standard working hours per week are 40 and the standard performance is 10 unit per hour. During the week in February, wages paid for 50 workers at the rate of ₹ 5 per hour, 10 workers at ₹ 7 per hour and 40 workers at ₹ 4 per hour. Actual output was 380 units. The factory did not work for 5 hours due to breakdown of machinery.

Calculate labor variances.

14. What is normal loss ? How is it treated in cost accounts ?

(6 × 3 = 18 weightage)

Part C

Answer any **two** *questions.*
Each question carries 6 *weightage.*

15. Bengal Chemical Co. Ltd produced three chemicals during the month of July 2019 by three consecutive processes. In each process 2% of the total weight put in is lost and 10% is scrap which from processes (1) and (2) realizes ₹100 a ton and from process (3) ₹20 a ton.

The products of three processes are dealt with as follows :

	Process 1	Process 2	Process 3
Passed to the next process	75%	50%	-
Sent to warehouse for sale	25%	50%	100%

Expenses Incurred :

	Process 1		Process 2		Process 3	
	₹	Tons	₹	Tons	₹	Tons
Raw material	1,20,000	1,000	28,000	140	1,07,840	1348
Manufacturing wages	20,500	-	18,520	-	15,000	-
General expense	10,300	-	7,240	-	3,100	-

Prepare process cost accounts showing the cost per ton of each product.

16. A Transport Co. has been given a 40 kilometer long to run 5 buses. The cost of each bus is ₹ 6,50,000. The buses will make three round trips per day carrying on an average 80 per cent passengers of their seating capacity. The seating capacity of each bus is 40 passengers. The buses will run on an average 25 days in a month. The other information for the year 2018-19 are given below :

Garage rent ₹ 4,000 per month ; annual repairs and maintenance ₹ 22,500 each bus ; salaries of 5 drivers ₹ 3,000 each per month ; wages of 5 conductors ₹ 1,200 each per month ; managers salary ₹ 7,500 per month ; road taxes, permit fee etc. ₹ 5,000 for a quarter ; office expense ₹ 2,000 per month ; cost of diesel per litre ₹ 33 ; kilometer run per litre for each bus 6 kilometres ; annual depreciation 15% of cost ; annual insurance 3% of cost.

You are required to calculate the bus fare to be charged from each passenger per kilometre, if the company wants to earn profit of 33 1/3% on takings.

17. What is strategic cost management ? Discuss its advantages.

(2 × 6 = 12 weightage)

C 83224 (Pages : 3 + 4 = 7) Name.....

Reg. No.....

FOURTH SEMESTER M.Com. [PVT/SDE] DEGREE EXAMINATION APRIL/MAY 2020

M.Com.

MC 4C 15—COST MANAGEMENT

(2015 Admission onwards)

Time : Three Hours Maximum : 80 Marks

Part I (Descriptive Questions)

Part A

Answer **all** *questions.*

Each question carries **2** *marks.*

1. What is ABC System ?
2. Explain labour efficiency variance.
3. What is abnormal effectiveness ?
4. What do you mean by inbound logistics ?
5. What is JIT ?

(5 × 2 = 10 marks)

Part B

Answer any **four** *questions.*

Each question carries **10** *marks.*

6. Define Kaizen Costing. What are the different costs considered by this system ?
7. Discuss about the components of Strategic Cost Management.
8. Discuss about the steps involved in implementing ABC.
9. Define Standard Costing. What are the different types of standards ?

Turn over

10. Following data are available for a product for the month of September 2017 in respect of Process A, the beginning process involving three more processes :

	Process A
Opening WIP	Nil
Cost incurred during the month (Rs.) :	
Direct Materials	60,000
Labour	12,000
Factory Overhead	24,000
Units of Production (units) :	
Received in Process	40,000
Completed and transferred	36,000
Closing WIP	2,000
Normal loss in process	2,000

Stage of completion of WIP—Materials 100 %, labour—50% and Overheads—50 %.

Prepare Process A a/c.

11. MK Transport Company has been plying a bus in a 20 km stretch. The bus costs the company Rs. 50,000. It has been insured at 6 % per annum. The annual road tax amounts to Rs. 2,000. Garage rent is Rs. 400 per month. Annual repair is estimated to cost Rs. 2,360 and the bus is likely to last for two and a half years.

Salary of driver and conductor is Rs. 600 and Rs. 200 per month respectively in addition to 10 % of takings as commission to be shared equally by them. The Manager's salary is Rs. 1,400 per month and stationery will cost Rs. 100 per month. Petrol and oil will cost Rs. 50 per 100 km. The bus will make three round trips per day carrying on an average 40 passengers in each trip. Assuming 15 % profit on takings and that the bus will ply on an average 25 days in a month.

Prepare operating cost statement on a full year basis and also calculate the bus fare to be charged from each passenger per kilometre.

(4 × 10 = 40 marks)

PART C

Answer any **two** *questions.*
Each question carries 15 *marks.*

12. Discuss about the major modern cost management practices.

13. LKR Ltd. has furnished the following data for the month of November 2015 :

	Budgeted	Actual
Number of working days	25	27
Production in units	20,000	22,000
Fixed overhead (Rs.)	30,000	31,000

Budgeted fixed overhead rate is Re. 1.00 per hour. In November 2015, the actual hours worked were 31,500.

Calculate the following variances :

(i) Efficiency variance.

(ii) Capacity variance.

(iii) Calendar variance.

(iv) Volume variance.

(v) Expenditure variance.

(vi) Total overhead variance.

14. A product passes through two processes A and B. Prepare the process accounts, abnormal gain account and abnormal loss account :

	Process A	Process B
10,000 units introduced at cost (Rs.)	20,000	—
Material consumed (Rs.)	24,000	12,000
Direct labour (Rs.)	28,000	16,000
Manufacturing expenses (Rs.)	8,000	8,566
Normal wastage on input	5%	10%
Scrap value of normal wastage (Rs. Per 100 units)	40	50
Output (Units)	9,400	8,500

(2 × 15 = 30 marks)

C 80652 (Pages : 4) Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, MARCH 2020

(CUCSS)

M.Com.

MC 4C 15—COST MANAGEMENT

Time : Three Hours Maximum : 36 Weightage

Part A

Answer **all** *questions.*
Each question carries 1 *wightage.*

1. What are joint products ?
2. What is Kaizen Costing ?
3. Define Standard Costing.
4. What do you mean by value chain analysis ?
5. What is productivity index ?
6. Given, standard hours as 4000, hours worked for 4800, hours paid for 5000 hours, standard hourly rate Rs. 2 and actual hourly rate is Rs. 2.50, what will be idle time variance ?

(6 × 1 = 6 weightage)

Part B

Answer any **six** *questions.*
Each question carries 3 *weightage.*

7. Explain the various control and efficiency ratios under standard costing.
8. What is BPR ? How does it work ?
9. Discuss about the problems with target costing-that one should be aware of and guard against.
10. What is SCM ? Explain the stages of SCM.
11. Explain the one is expected to overcome while introducing standard costing.

Turn over

12. Following data is obtained from the books of a manufacturing company regarding variable overheads :

Budgeted production for January	...	300 units
Budgeted variable overhead	...	Rs. 7,800
Standard time for one unit	...	20 hours
Actual production for January	...	250 unit
Actual hours worked	...	4,500 hours
Actual variable overhead incurred	...	Rs. 7,000

Calculate variable overhead variances.

13. From the following details calculate fare for passenger km :

Cost of Bus	...	Rs. 4,50,000
Insurance charges	...	3 % p.a.
Annual tax	...	Rs. 500 p.m
Garage rent	...	Rs. 500 p.m.
Annual repairs	...	Rs. 4,800
Expected life of the bus	...	5 years
Value of scrap at the end of 5 years	...	Rs. 30,000
Route distance	...	20 km long
Conductor's salary	...	Rs. 5,000 p.m.
Commission to Driver and Conductor (shared equally)	...	10 % of the takings
Stationary	...	Rs. 250 p.m.
Manager's salary	...	Rs. 1,750
Diesel and oil (for 100 kms)	...	125

The bus will make 3 rounds trips for carrying on the average 40 passenger's in each trip. Assume 15 % profit on takings. The bus will work on the average 25 days in a month.

14. In manufacturing the main product Z , a company processes the resulting waste material into two by products, L1 and L2. Using the method of reverse cost, prepare a comparative profit and loss statement of the three products from the following data :

(a) Total costs upto separation point was Rs. 1,36,000.

	Z	L1	L2
(b) Sales (all production)	Rs. 3,28,000	Rs. 32,000	Rs. 48,000
(c) Cost after separation	—	Rs. 9,600	Rs. 14,400
(d) Estimated net profit % on sales	—	20	30
(e) Estimated selling expenses as % on sales value	20	20	20

(6 × 3 = 18 weightage)

Part C

Answer any **two** *questions.*
Each question carries 6 *wightage.*

15. Discuss about the need for development of Activity Based Costing and its drawbacks.

16. ZEN Ltd. provide the following data for the month of July 2017:

Product	Budget			Actual		
	Sales qty.	S.P. per unit	Cost per unit	Sales qty.	S.P. per unit	Cost per unit
A	2,160	12	9	2,240	11	8
B	1,440	5	3	960	6	5

You are required to compute :

(i) Sales margin quantity variance ;

(ii) Sales margin mix variance ;

(iii) Sales margin volume variance ;

(iv) Sales margin price variance ; and

(v) Sales margin total variance.

17. The product manufactured by a bearings producer undergoes two operations. The following data are available for the month of December 2016 :

	Machining	Finishing
Units introduced	90,000 units	60,000
Expenses incurred in Process (Rs.) :		
Direct materials	2,70,000	Nil
Direct labour	1,28,000	45,000
Overheads	64,000	1,35,000

At the end of the month there were 30,000 units lying in semi finished stage in Machining operation. While the full quantity of materials had been consumed for the total production, the expenditure on labour and overheads was estimated to be 66.67 per cent in respect of the incomplete products.

You are required to prepare a detailed cost statement showing the final cost per unit assuming:

(a) Completed units of Machining operations are transferred to the finishing operation.

(b) Finishing operation has completed all the units received from the earlier operation during December, 2016 leaving no work in progress at the end of the month.

(2 × 6 =12 weightage)

C 62217 (Pages : 4 + 4 = 8) Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, MAY 2019

M. Com.

MC 4C 15—COST MANAGEMENT

(2015 Admissions)

Time : Three Hours Maximum : 80 Marks

Part I (Descriptive Questions)

PART A

Answer **all** *questions.*

Each question carries 2 *marks.*

1. Define Cost Management System.
2. Explain the nature of target costing.
3. State the features of Just In Time.
4. Why are hospital costs important ?
5. What is variance analysis ?

(5 × 2 = 10 marks)

PART B

Answer any **four** *questions.*

Each question carries 10 *marks.*

6. Explain the different kinds of Cost concepts are used in decision making.
7. State the principles of Kaizen costing and its advantages and disadvantages.
8. What is value chain analysis ? What role does it play in strategic cost analysis ?
9. Explain in detail steps in measuring and increasing productivity.
10. Write short notes the Boiler house costing and Power house costing.

Turn over

11. 20 Hp unit is required to drive a pump for watering an agricultural farm. Two plans A and B for supplying are under consideration :

Particulars		*Plan* A (Rs.)	*Plan* B (Rs.)
Purchase and installation	...	10,000	4,000
Life in years	...	4	4
Salvage value	...	1,000	—
Interest on capital	...	10 %	10 %
Maintenance per year	...	3,000	—
Maintenance per hour	...	—	0.50
Operating wages per hour	...	0.20	0.60
Power per hour	...	1.00	—
Fuel and oil per hour	...	—	2.00

Assuming that 3 million litres of water is to be pumped in a year and that the pumping Instrument will pump 1,000 litres in an hour, find out the cost per 1,000 litres of water under both the plans and find out the number of hours for which the operating costs of both the machines will be even.

(4 × 10 = 40 marks)

PART C

Answer any **two** *questions.*
Each question carries 15 *marks.*

12. Following details are related to the work done in Process 'X' Pearson Company during the month of January, 2014 :

Opening work-in progress (2,000 units)	*Value in* Rs.
Materials	... 80,000
Labour	... 15,000
Overheads	... 45,000
Materials introduced in Process 'A' (38,000 units)	... 14,80,000
Direct Labour	... 3,59,000
Overheads	... 10,77,000

Units scrapped - 3,000 Units Degree of Completion

Material 100 %.

Labour and Overhead 80 %.

Closing work-in progress : 2,000 units.

Degree of Completion.

Material 100 %.

Labour and Overhead 80 %.

Units finished and transferred to Process B 35,000 Units, Normal Loss is 5 % of total Output including opening work-in-progress. Scrapped units fetch Rs. 20 per unit.

You are required to prepare :

(i) Statement of equivalent production.

(ii) Statement of cost.

(iii) Statement of distribution cost.

13. List the objectives of Just In Time. Explain briefly its characteristics.

14. Following are the information given by an owner of a hotel, you are requested to advise that what rent should be charge from customers per day so that able to earn 25 % on cost other than interest.

(a) Staff salaries Rs. 80,000 per annum

(b) Room attendant's salary Rs. 2 per day. The salary is paid on daily basis and services of room attendant are needed only when the room is occupied. There is one room attendant for one room.

(c) Lighting, heating and power. The normal lighting expenses for a room if it is occupied for the whole month is Rs. 50. Power is used only in winter and normal charge per month if occupied for a room is Rs. 20.

(d) Repairs to building Rs. 10,000 per annum.

(e) Linen etc. Rs. 4,800 per annum.

(f) Sundries Rs.6,600 per annum.

(g) Interior decoration and furnishing Rs. 10,000 annually.

(h) Cost of building Rs. 4,00,000 ; rate of depreciation 5 %

(i) Other equipment Rs. 1,00,000 ; rate of depreciation 10 %

(j) Interest @ 5 % may be charged on its investment of Rs. 5,00,000 in the building and equipment.

(k) There are 100 rooms in the hotel and 80 % of the rooms are normally occupied in summer and 30 % of the rooms are busy in winter. You may assume that period of summer and winter is six month each. Normal days in a month may be assumed to be 30.

(2 × 15 = 30 marks)

C 61987 (Pages : 4)

Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, JUNE 2019

(CUCSS–PG)

MC 4C 15—COST MANAGEMENT

(2015 Admissions)

Time : Three Hours Maximum : 36 Weightage

Part A

Answer **all** *questions.*

Each question carries 1 *weightage.*

1. What is JIT ?
2. What is BPR ?
3. Define Target Costing.
4. Write a note on value chain analysis.
5. What do you mean by equivalent production ?
6. A company produces two chemicals in a joint process, The first output can be sold at Rs. 5 at split off point or it can be further processed at a cost of Rs. 4. Then what should be the minimum price at which it is to be sold in order to make a profit of Rs. 3.

(6 × 1 = 6 weightage)

Part B

Answer any **six** *questions.*

Each question carries 3 *weightage.*

7. Explain the various methods of apportioning joint cost with regard to joint products.
8. Explain the objectives of standard costing.
9. Explain the procedure of conducting value analysis.
10. Explain the major features of target costing process.
11. What are the different types of standards used in standard costing ?
12. For the manufacture of a chemical 80 kg of material A at a standard price of Rs. 2 per kg and 40 kg of material B at a standard price of Rs. 5 per kg were to be used to manufacture 100 kg of a chemical.

Turn over

During a month, 70 kg of material A priced at Rs. 2.10 per kg and 50 kg of material B priced at Rs. 4.50 per kg were actually used and the output of the chemical was 102 kg.

Find out Material cost variance, Price variance and Mix variance.

13. A product passes through three processes – A, B and C. The details of expenses incurred on the three processes during the year 2015 relating to Process A are as under :

Units introduced	1,000
Cost per unit (Rs.)	50
Other materials (Rs.)	1,000
Labour (Rs.)	2,600
Direct expenses (Rs.)	600
Actual output	930
Normal Loss (% of input)	5
Scrap Value per unit (Re.)	1

Prepare Process A a/c.

14. A company manufacturing two products furnishes the following data for a year :

Product	Annual Output (Units)	Total Machine Hours	Total number of purchase orders	Total number of set ups
X	5,000	20,000	160	20
Y	60,000	1,20,000	384	44

The annual overheads are as under :

Volume related activity costs	...	Rs. 5,50,000
Set up related costs	...	8,20,000
Purchase related costs	...	6,18,000

You are required to calculate the cost per unit of product X and Y based on Activity Based Costing Method.

(6 × 3 = 18 weightage)

Part C

Answer any **two** *questions.*

Each question carries **6** *weightage.*

15. What is life cycle costing ? Explain the stages inproduct life cycle.

16. A firm manufactures three joint products A, B and C and a by-product K by processing a common stock of raw materials which costs Rs. 8 per kg. The details of output, market price

and the initial processing cost for an input of 10,000 kg of raw materials is as follows :

Product	Output (kg.)	Market Price per kg. (Rs.)	Initial Processing Cost
A	5,000	18	Direct labour : 1,000 hrs @ Rs. 20/hs
B	2,500	20	Variable overhead: 80% of direct labour
C	1,500	24	Fixed overheads: Rs. 21,000
K	500	4	

The company apportions common cost among joint products on physical unit basis. All the products including the by-product can be processed further and sold at a higher market price, with some sales promotion efforts. The estimated further processing, cost, marketing cost and the final selling price are given below :

Product	Further processing cost per kg. (Rs.)	Further marketing cost per kg. (Rs.)	Final price per kg. (Rs.)
A	4	2	28
B	5	2	26
C	6	2	34
K	2	1	6

Required :

(i) Cost of joint products at the point of separation after initial processing.

(ii) Profit or loss if the products are sold without further processing.

(iii) Which of the products have to be processed further for maximising profits ?

17. A company uses standard costing system. The sales data for the month of October 2016 is given below :

Product	Budgeted Sales Units	Budgeted Selling price per unit (Rs.)	Actual Sales Units (Rs.)	Actual Sales Value (Rs.)
K	1,280	20	650	12,350
L	3,200	12	3,900	50,700
M	1,920	16	1,950	29,250

The cost data are as under :

	K	L	M
Standard Cost per unit (Rs.)	16	10	13
Actual Cost per unit (Rs.)	18	12	13

You are required to compute :

(a) Gross margin total sales variance.

(b) Gross margin volume variance.

(c) Gross margin mix variance.

(d) Gross margin sales quantity variance.

(e) Sales price variance.

(f) Total cost variance.

(2 × 6 = 12 weightage)

C 62217

(Pages : 4)

Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, MAY 2019

M. Com.

MC 4C 15—COST MANAGEMENT

(Syllabus Year 2015)

(Admission Year 2016 onwards)

Time : Fifteen Minutes

Maximum : 20 Marks

Part II (Multiple Choice Questions)

Answer **all** *questions.*
All questions *are* **compulsory.**

1. Total Ordering Cost is equal to :

   (a) (Demand/EOQ) × Ordering cost.

   (b) (Demand/Carrying cost) × Ordering cost.

   (c) (EOQ / 2) × Ordering cost.

   (d) (Demand/Av. Inventory) × Ordering cost.

2. If the annual demand is 1800, the order quantity is 200 units, the maximum inventory is 180, and the lead time is 30 days, the order level is (assume 360 days in the year) :

   (a) 100. (b) 120.

   (c) 130. (d) 180.

3. Leave salary paid to factory workers should be charged to :

   (a) Direct Labour. (b) Administration overhead.

   (c) Work in Progress. (d) Factory overhead.

4. A company produces two chemicals in a joint process. Chemical A can be sold at split off while chemical B currently costs Rs. 2 per gallon for disposal. If chemical B is further process, it would cost Rs. 5 per gallon. At what sales price would the company be indifferent between disposing of chemical B at split-off and further processing the chemical.

   (a) Rs. 2. (b) 3.

   (c) Rs. 4. (d) Rs. 5.

Turn over

5. In determining production cost per equivalent unit in process costing, the average cost method considers :

   (a) Current process costs in addition to the cost of closing WIP.

   (b) Current process costs plus cost incurred during last period for opening WIP.

   (c) Current process costs less cost of opening WIP incurred during last period.

   (d) Current process costs only.

6. Which one of the following is not a key area of Activity Based Costing ?

   (a) Production Cost Differentiation.

   (b) Activities and their cost drivers.

   (c) Using blanket rates for absorbing factory overhead.

   (d) Identification non-value added cost.

7. Which one of the following is a correct sequence with regard to target costing ?

   (a) Define the product—Set the target—Achieve the target—Maintain competitive cost.

   (b) Define the product—Set the target— Maintain competitive cost—Achieve the target.

   (c) Set the target—Define the product— Maintain competitive cost—Achieve the target.

   (d) Set the target—Define the product— Achieve the target—Maintain competitive cost.

8. Under life cycle costing, when the life of a product comes to an end, the plant used is scrapped or sold—this is known as :

   (a) Conversion. (b) Decommissioning.

   (c) Upscaling. (d) Downscaling.

9. Identify the one from the following, which is not a goal of JIT ?

   (a) Zero defect.

   (b) Maximum Batch size.

   (c) 100 % on time delivery of products.

   (d) Zero breakdowns.

10. Under value chain analysis, all those activities associated with getting finished goods and services to buyers is known as :

   (a) Inbound logistics. (b) Outbound logistics.

   (c) Operational logistics. (d) Infrastructure logistics.

11. According to which one of the following method of pricing issues are close to current economic values ?

(a) LIFO. (b) FIFO.

(c) Weighted average. (d) HIFO.

12. What are the major relevant cost in maintaining safety stock ?

(a) Carrying costs and purchasing costs.

(b) Ordering costs and purchasing costs.

(c) Ordering costs and stock out costs.

(d) Stock out costs and carrying costs.

13. A company uses several direct materials to manufacture products. The effect of using a costly substituted with a cheaper one is revealed by :

(a) Material Usage Variance. (b) Material Mix Variance.

(c) Material Yield Variance. (d) Material Cost Variance.

14. The underlying concept labour efficiency variance is the same as that of :

(a) Material Usage Variance. (b) Material Mix Variance.

(c) Material Yield Variance. (d) Material Cost Variance.

15. A standard that once determined are operated for several years is known as :

(a) Current standard. (b) Historical standard.

(c) Basic standard. (d) Ideal standard.

16. If cost per passenger km. is Re. 0.40 and profit is 20 per cent on takings, what will be the fare to be charged per passenger km.?

(a) Re. 0.60. (b) Re. 0.55.

(c) Re. 0.50. (d) Re. 0.45.

17. Which one of the following composite cost unit is used in Boiler House Costing ?

(a) kw. (b) kwh.

(c) kltr. (d) kmh.

D 42613

(Pages : 4)

Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, JUNE 2018

(CUCSS)

MC 4C 15—COST MANAGEMENT

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer **all** *questions.*
Each question carries 1 *weightage.*

1. What is a cost driver ? Give examples.
2. What is Strategic Cost Management ?
3. What do you understand by Kaizen ?
4. What is cost control ?
5. What is a productivity index ?
6. What do Joint Products and By Products refer to in process costing ?

(6 × 1 = 6 weightage)

Part B

Answer any **six** *questions.*
Each question carries 3 *weightage.*

7. Elimination of inventories through 'Just-in-time' (JIT) method is believed to result in different types of cost savings. Give two examples.
8. 'Business Processing Re-engineering is an effective framework for harmonising people, organisation and Information technology'. Justify.
9. In business-as-usual scenario a group consisting of 10 men, 5 women and 5 boys in a factory works for 40 hours per week to produce 1000 units of output. They are paid at standard hourly rates of INR 125, INR 80 and INR 70 respectively. On a certain occasion, the gang consisted of 13 men, 4 women and 3 boys. The actual wages were paid per hour at the rate of INR 120, INR 85 and INR 65 respectively. Two hours per week was lost due to abnormal idle time and 960 units of output were produced. Calculate — Labour Cost Variance, Labour Rate Variance, Total Labour Efficiency Variance, Labour Efficiency Variance, Labour Idle Time Variance, Labour Mix Variance and Labour Yield Variance.

Turn over

10. Explain the role of Value Chain Analysis in decision making. Assume a firm/ business of your choice for explanation.

11. Activity-based costing is great for manufacturing plants, but does not really address the needs of the service sector." Do you agree with this statement ? Explain.

12. TATA Motors manufactures 2 distinct types of Sedans - TATA ZEST and TATA PRIMA. The total expenses during a period for the assembly of 600 ZEST and 800 PRIMA cars are given below :

Material	–	INR 19,80,000
Direct Wages	–	INR 12,00,000
Stores	–	INR 1,98,000
Running expenses of the machine	–	INR 4,40,000
Depreciation	–	INR 2,20,000
Labour amenities	–	INR 15,000
Works overhead	–	INR 30,000
Administration and selling OH	–	INR 26,800

The other data available to you is —

		ZEST : PRIMA
Material cost ratio per unit	–	1 : 2
Direct Labour ratio per unit	–	2 : 3
Machine utilisation ratio per unit	–	1 : 2

Calculate the cost of each vehicle per unit giving reasons for the bases of apportionment adopted by you.

13. Halloween Inn is being run by a local entrepreneur in the coast of Malabar with 50 single rooms. During off-seasons which lasts for 6 months (30-days), the occupancy is offered at 5 0% concessional rates. The Inn owner targets a profit of 20% of the room rent. Calculate the room rent chargeable per day both during the season and the off season months on the basis of the given below information.

(a) Occupancy during the season is 80% , while in the off-season it is 40%.

(b) Expenses include - staff salary (including room service) - INR 2,75,000 ; repairs to building - INR 1,30,000 ; laundry and linen - INR 40,000; interior and tapestry — INR 87,500 ; sundry expense — INR 95,000 ; and maintenance charges - INR 1000 per room.

(c) Provide for depreciation at 5% on building, 15% on furniture and equipments.

(d) Total investments on building is INR 100 lakh out of which 20% goes to furniture and equipments.

14. ABC Company produces two types of stereo units. Activity data follows :

Activity usage measures	Product–Costing Data		
	Deluxe	Regular	Total
Units produced per year	5,000	50,000	55,000
Prime costs (INR)	39,000	3,69,000	4,08,000
Direct labour hours	5,000	45,000	50,000
Machine hours	10,000	90,000	1,00,000
Production runs	10	5	15
Number of moves	120	60	180

Activity cost data (overhead activities)

Activity		Activity cost (INR)
Setting up equipment	–	60,000
Material handling	–	30,000
Using power	–	50,000
Testing	–	40,000
Total		1, 80, 000

You are required to calculate :

(a) Calculate the consumption ratios for each activity.

(b) Group activities based on the consumption ratios and activity level.

(c) Calculate a rate for each pooled group of activities.

(d) Using the pool rates, calculate unit product costs.

(6 × 3 = 18 weightage)

Part C

Answer any **two** *questions.*
Each question carries 6 *weightage.*

15. How are modern cost management techniques better than traditional cost management techniques ? Justify your answer with example

16. Product 'X' passes through three process — A, B and C before it is transferred to finished stock. The following information is obtained for the month of January 2017—

	Process A (INR)	Process B (INR)	Process C (INR)	Finished Stock
Opening Stock	5,000	8,000	10,000	20,000
Direct materials	40,000	12,000	15,000	
Direct Labour	35,000	40,000	35,000	
Manufacturing overheads	20,000	24,000	20,000	
Closing stock	10,000	4,000	15,000	30,000
Percentage of Profit on Transfer Price to next process	25%	20%	10%	
Unrealised profit for opening stock		1,395	2,690	6,534

Stocks in process are valued at prime cost and finished stock has been valued at the price at which it is received from process C. Sales during the period were INR 4, 00, 000.

Prepare and compute :

(a) Process Cost Accounts showing profit element at each stage.

(b) Actual realized profit.

(c) Stock valuation for balance sheet purpose.

17. Delhi Transport Company has been given a route of 20 km long to run a bus. The bus costs the company a sum of INR 5,00,000. It has been insured at 3% p.a. and the annual tax will amount to INR 1,00,000. Garage rent is INR 5,000 per month. Actual repairs will be INR 10, 000. And the bus is likely to last for 5 years. The driver's salary will be INR 6,500 per month and the conductor's salary will be INR 2,000 per month in addition to 10% of the takings as commission (to be shared by the driver and the conductor equally). Cost of stationery will be INR 100 per month. Manager-cum-accountant's salary is INR 6,000 per month. Petrol and Oil will be INR 300 per 100 km. The bus will make 3 round trips carrying on the average 40 passengers on each trip. Assuming 15% profit on takings, calculate the bus fare to be charged from each passenger. The bus will run on an average 25 days in a month.

(2 × 6 = 12 weightage)

D 41661 (Pages : 3)

Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, MAY 2018

Commerce

MC 4C 15—COST MANAGEMENT

(Syllabus Year 2015)

[Admission Year 2016 onwards)

Time : Fifteen Minutes Maximum : 20 Marks

Part II (Multiple Choice Questions)

Answer **all** *questions.*

All *questions are* **compulsory.**

1. Which of these is not a material control technique ?

   (a) ABC Analysis. (b) Fixation of raw materials levels.

   (c) Maintaining stores ledger. (d) Control over slow moving and non-moving items.

2. A bus carries 25 passengers daily for 25 days and its mileage per month is 2,000 kms. Its passenger kms. are :

   (a) 60,000. (b) 40,000.

   (c) 25,000. (d) 50,000.

3. The price of material actually used rose by 5 %. It was, however, anticipated and was included in setting the standard material cost. This price rise would result in :

   (a) Unfavorbale material price variance.

   (b) Favorable material price variable.

   (c) Favorable material usage variance.

   (d) No variance.

4. A cost centre is :

   (a) A production or service location, function, activity or item of equipment whose costs may be attributed to cost units.

   (b) A centre for which an individual budget is drawn-up.

   (c) A centre where cost is classified on the basis of variability.

   (d) An amount of expenditure attributable to an activity.

Turn over

5. A technique where standardized principles and methods of cost accounting are employed by a number a number of different companies is termed as :

   (a) Uniform costing. (b) Absorption costing.

   (c) Standard costing. (d) ABC costing.

6. The ascertainment of costs after they have been incurred is called :

   (a) Marginal costing. (b) Historical costing.

   (c) Differential costing. (d) None of the above.

7. Which of the following is the main cost driver of customer order processing activity ?

   (a) Flow of the product from assembly line.

   (b) Order value.

   (c) Number of problem suppliers.

   (d) Number of machine charges.

8. Material quantity variance arises due to :

   (a) Frequent breakdown of machines.

   (b) Improper inspection and supervision of workers.

   (c) Excessive wastage, leakages, shrinkages, etc.

   (d) All of the above.

9. When the amount of overheads absorbed is less than the amount of overheads incurred, it is called :

   (a) Under absorption of overheads. (b) Over adsorption of overheads.

   (c) Proper absorption of overheads. (d) None of the above.

10. Which of the following is an irrelevant cost :

   (a) Sunk cost. (b) Replacement cost.

   (c) Opportunity cost. (d) All of the above.

11. Material usage variance can be calculated using the formula :

   (a) (Standard quantity for actual output – Actual quantity) × Actual price.

   (b) (Standard quantity for actual output – Actual quantity) × Standard price.

   (c) (Standard price – Actual price) × Actual quantity.

   (d) (Standard price – Actual price) × Standard quantity.

12. Fixed cost is a cost :

(a) Which remains fixed for each unit of output.

(b) Which remains fixed in total during a given period despite changes in output.

(c) Which is partly fixed and partly variable in relation to the output.

(d) Which changes in total in proportion to the changes in output.

13. The process of expressing incomplete units in terms of its equivalent completed units is called :

(a) Equivalent production. (b) Work-in-progress.

(c) Joint products. (d) By-products.

14. In operating costing, standing charges are also called :

(a) Operating costs. (b) Running costs.

(c) Maintenance costs. (d) Fixed costs.

15. An inventory strategy employed to increase efficiency and decrease waste by receiving goods only as they are needed in the production process, thereby reducing inventory costs is :

(a) JIT approach. (b) ABC analysis.

(c) Perpetual inventory system. (d) EOQ.

16. The word kaizen is a Japanese word meaning :

(a) Continuous improvement. (b) One time improvement.

(c) No improvement. (d) Cutting down of activity.

17. The radical redesign of core business processes to achieve dramatic improvements in productivity, cycle times and quality is termed as :

(a) Value chain analysis. (b) Strategic cost management.

(c) Business process re-engineering. (d) Variance analysis.

18. The variance analysis is used in :

(a) Marginal costing. (b) Budgetary control.

(c) Standard costing. (d) Ratio analysis.

19. Loss which is avoidable on account of the inherent nature of production process is :

(a) Normal loss. (b) Abnormal loss.

(c) Product loss. (d) Interprocess loss.

20. In activity based costing, an item for which cost measurement required is called :

(a) Cost driver. (b) Cost object.

(c) Allocation. (d) Cost pool.

C 22139 (Pages : 3) Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, JUNE 2017

(CUCSS)

Commerce

MC 4C 15—COST MANAGEMENT

(2015 Admissions)

Time : Three Hours Maximum : 36 Weightage

Part A

Answer **all** *questions.*
Each question carries 1 *weightage.*

1. Describe the Kaplam and Cooper's approach in the context of activity based costing.
2. State the importance of business process re-engineering.
3. What is life cycle costing ? Explain its relevance.
4. List out the similarities of traditional and activity based costing.
5. Briefly explain the utility of cost concepts in decision making.
6. Standard input =100 tonnes, standard yield = 90 tonnes, standard cost per tonne of output = Rs. 20. Actual input 200 tonnes, actual yield 182 tonnes. Compute the yield variance.

(6 × 1 = 6 weightage)

Part B

Answer any **six** *questions.*
Each question carries 3 *weightage.*

7. "Standard costs are bases for a proper managerial control of manufacturing operation". Comment.
8. Compare and contrast canteen costing with hotel costing.
9. Does the showing of income from by-products on the income statement influence the unit cost of the main product ? Discuss .
10. Autobots Ltd., a transport company maintains a fleet of Lorries for carrying goods from Calicut to Kannur, 100 kms. off. Each lorry, which operates 25 days on an average in a month, starts every day from Calicut with a load of 4 tonnes and returns from Kannur with a load of 2 tonnes. Calculate the total commercial tonne-kms and cost per commercial tonne-km when the total monthly charges for a lorry are Rs. 27,000.

    What rate per tonne should Autobots Ltd. charge if it plans to earn a gross profit of 20 % on the freightage ?

Turn over

11. Discuss the role of JIT and Value Chain analysis in cost management.

12. Two products, X and Y are obtained in a crude form and require further processing at a cost of Rs. 5 for X and Rs. 4 for Y per unit before sale. Assuming a net margin of 25 % on cost, their sale prices are fixed at Rs. 13.75 and Rs. 8.75 per unit respectively. During the period, the joint cost was Rs. 88,000 and the outputs were 8000 units in case of X and 6000 units in case of Y. You are requested to ascertain the joint cost per unit.

13. What is Activity-Based Costing ? Why it is needed ?

14. The following particulars are related to standard and actual production of the product-A :

    Standard quantity of material per unit, 5 kg.

    Standard Price, Rs. 5 per kg.

    Actual number of units produced, 400 units.

    Actual quantity of material used, 2200 kg.

    Price of material, Rs. 4.80 per kg.

    Calculate material price and material usage variance.

(6 × 3 = 18 weightage)

Part C

Answer any **two** *questions.*
Each question carries 6 *weightage.*

15. The following information obtained from the records of a manufacturing unit using standard costing system :

Particulars		*Standard*	*Actual*
Production (units)	...	4000	3800
Workings days	...	20	21
Fixed Overhead (Rs.)	...	40000	39000
Variable Overhead (Rs.)	...	12000	12000

You are asked to compute the following overhead variances :

(a) Variable Overhead Variance.

(b) Fixed Overhead Variance.

  (i) Expenditure Variance.

  (ii) Volume Variance.

  (iii) Efficiency Variance.

  (iv) Calendar Variance.

16. Discuss the characteristics, pros and cons of Kaizen costing.

17. The finished product of Niche Challengers Ltd., a manufacturing company passes through three processes, viz, A, B and C. The normal wastage in each processes is 5 %, 7 % and 10 % respectively (calculated with reference to the number units fed into each process). The scrap generated out of wastage has a sale value of Rs. 1.7, Rs. 1.8 and Rs.2 per unit in the process A, B and C respectively. The output of each process is transferred to the next process and the finished output emerges from the process C and transferred to stock. There was no stock of work-in-progress in any process in a particular month. The details of cost data for the month are as follows :

Particulars		*Processes*		
		A	B	C
Materials used (Rs.)	...	2,40,000	80,000	80,000
Direct Labour Cost (Rs.)	...	1,60,000	1,20,000	1,20,000
Production Expenses (Rs.)	...	80,000	80,000	56,000
Output in units (actuals.)	...	38,000	34,600	32,000

Process A was fed with 40,000 units of raw input at cost Rs. 6,40,000/-

Prepare the Process Accounts.

(2 × 6 = 12 weightage)