

18P439

(Pages: 3)

Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2020

(CUCSS-PG)

(Regular/Improvement/Supplementary)

CC15P MC4 C15 - COST MANAGEMENT

Commerce

(2015 Admission onwards)

Time : Three Hours

Maximum : 36 Weightage

PART A

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

1. What is strategic cost management?
2. Explain the term activity cost pool.
3. What is replacement cost?
4. Distinguish between operating costing and operation costing
5. What is meant by normal standard?
6. Define kaizen costing.

(6 x 1 = 6 Weightage)

PART B

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

7. Explain the steps involved in target costing approach to pricing.
8. A transport company is running five buses between two towns which are 50 kms apart. Seating capacity of each bus is 50 passengers.

The following particulars were obtained from their books for April 2017:

Wages of drivers, conductors and cleaners	---	` 24,000
Salaries of office staff	---	` 10,000
Diesel oil and other oil	---	` 35,000
Repairs and maintenance	---	` 8,000
Taxation, insurance, etc.	---	` 16,000
Depreciation	---	` 26,000
Interest and other expenses	---	` 20,000

Passengers carried were 75% of seating capacity. All buses ran on all days of the month. Each bus made one round trip per day. Find out the cost per passenger – km.

(1) **Turn Over**

9. A hotel has a capacity of 100 single bed rooms and 20 double rooms. The average occupancy of both single and double rooms is expected to be 80% throughout the year. The rent for double room has been fixed at 125% of the rent of a single room. The costs are as under: Variable cost: single rooms ` 220 each per day and double rooms ` 350 each per day Fixed cost: single rooms ` 120 each per day and double rooms ` 250 each per day Calculate the rent chargeable for single and double rooms per day in such a way that the hotel earns a margin of safety of 20% on hire of rooms.
10. Explain briefly the basic tools of strategic cost management.
11. What is meant by value chain and how it is useful in assessing competitive advantage?
12. What is product life cycle costing? Explain the stages in product life cycle.
13. Adarsh Ltd has furnished the following data:

Particulars	Budgeted	Actual
Number of working days	25	27
Production in units	20000	22000
Fixed overhead(`)	30000	31000

Budgeted fixed overhead rate is ` 1.00 per hour. the actual hours worked were 31500. Calculate capacity variance and calendar variance.

14. One ton of raw material put in to a common process yields joint products P, Q, R and S. their weights being 63 kgs, 117 kgs, 180 kgs and 540 kgs respectively. The balance weight is normal wastage. Based on the total processing cost of ` 20000 per ton of raw material input, you are required to apportion the joint costs to products P, Q, R and S.

(6 x 3 = 18 Weightage)

PART C

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

15. The budgeted overhead and cost driver volumes of XYZ are as follows

Cost pool	Budgeted overheads (`)	Cost driver	Budgeted volume
Material procurement	5,80,000	No: of orders	1100
Material handling	2,50,000	No: of movements	680
Set up	4,15,000	No: of set-ups	520
Maintenance	9,70,000	Maintenance hours	8400
Quality control	1,76,000	No: of inspections	900
Machinery	7,20,000	No: of machine hours	24,000

18P439

The company has produced a batch of 2600 components of a product, its material cost was ` 1, 30,000 and labour cost ` 2, 45,000

The usage activities of the said batch are as follows:

Material order	26
Maintenance hours	690
Material movements	18
Inspection	28
Set -ups	25
Machine hours	1800

Calculate the cost of batch of components using Activity Based Costing.

16. Prepare a statement of equivalent production, cost statement, statement of evaluation and process account from the following particulars using FIFO method.
- Opening work-in-progress --- 900 units at Rs. 4500
Degree of completion: Material—100%, Labour and overhead--- 60%
 - Input of materials --- 9100 units at ` 27300
 - Expenses: Labour --- ` 12300, Overhead---- ` 8200
 - Units scrapped --- 1200 units
Degree of completion: material --- 100%, Labour & Overhead ---70%
 - Closing work-in- progress ---- 1000 units
Degree of completion --- Material --- 100%, Labour & Overhead---80%
 - Finished units transferred to next process --- 7800
 - Normal scrap: 10% of input; scrap realization@ ` 3 per unit

17. Define cost management. Discuss the importance of cost management.

(2 x 6 = 12 Weightage)

(3)