16P436 (Pages:3) Name……

Reg.No……

FOURTH SEMESTER M.Com DEGREE EXAMINATION, MARCH 2018

(Regular/Supplementary/Improvement)

(CUCSS-PG)

CC15P MC4 C15– COST MANAGEMENT

(2015 Admission onwards)

Time : Three Hours Maximum : 36 Weightage

PART- A

Answer the following questions. Each question carries ***1***weightage

1. Explain Kaizan Costing.
2. What is Out of Pocket Cost?
3. What is a Cost driver?
4. What is Life cycle costing?
5. Explain the meaning Standard hour.
6. What is Normal Loss?

(6×1=6 weightage)

PART- B

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

7. What is meant by Strategic Total Cost Management?
8. What are the important characteristics of ABC?
9. Explain main features of JIT system.
10. Write a note on pricing by Service sector.
11. A lorry starts with a load of 20 tonnes of goods from Station A. It unloads 8 tonnes at Station B and rest of goods at Station C. It reaches back directly to Station A after getting unloaded with 16 tonnes of goods at Station C. The distance between A to B, B to C, and then from C to A are 80 Kms; 120 Kms and 160 Kms respectively. Compute absolute tonnes – Kms and commercial tonnes-Kms.
12. The total joint cost of products A,B and C till the split off point is Rs.140. The Market prices of the products are Rs. 60, Rs.90 and Rs.190 respectively. Cost of manufactures beyond the split off point are Rs.20 in case of product A, Rs.10 in case of product Band Rs. 30 in case of Product C. You are required to apportion the joint costs according to the market value at the split off point.

(Turn Over)

13. A company manufactures two products A and B using common facilities. The following cost data for a month is presented to you:

	A	B
Units produced	1000	2000
Direct Labour hours per unit	2	3
Machine hours per unit	6	1.5
Set up of Machines	15	50
Orders	18	70

Machine activity Expenses	Rs.3,00,000
Set up relating Expenses	Rs. 30,000
Expenses relating to orders	Rs. 35,000

Calculate the overhead per unit absorbed using activity based costing approach.

14. From the following particulars calculate all material variances.

Material	**Standard**		**Actual**	
	Qty. in Kgs	Price in Rs.	Qty. in Kgs	Price in Rs.
A	10	8	10	7
B	8	6	9	7
C	4	12	5	11
Total	22		24	

(6×3=18 weightage)

PART- C

Answer any *two* questions. Each question carries a weight of 6.

15. What is meant by Value Chain? How it can be performed in an organization?

16. Following data pertains to Process I for March 2016 of Bata Limited.

Opening Work- in- progress	1,500 units for	Rs. 15,000
Degree of completion:		
Materials 100%, Labour and Overheads 33 $^{1}/_{3}$%		
Input of materials	18500 units at	Rs. 52,000
Direct labour		Rs. 14,000
Overheads		Rs. 28,000
Closing Work- in- progress	5000 units	

Degree of Completion : Materials 90% and labour and Overheads 30%

Normal process loss is 10% of total input (opening work in progress units + units put in)

Scrap value Rs.2 per unit

Units transferred to the next process 15,000 units

You are required to : (a) compute equivalent units of production; (b) compute cost per equivalent unit for each cost element i.e. materials, labour and overheads ; (c) compute the cost finished output and closing work-in-process; (d) prepare the process and other accounts.

Assume : (i) FIFO method is used by the company (ii) the cost of opening work in progress is fully transferred to the next process.

17. Avdish Instruments company's standard cost sheet shows the following costs for material and labour used in completing a single unit of one of its products:

Material – 5 pieces at 4 paise	0.20
Labour – ¼ hour at Rs.2 per hour	0.50

Standard capacity of the enterprise is 12,500 standard production hours per month. Factory overheads at this capacity are thus :

Fixed	Rs. 5,000
Variable	Rs. 15,000

During the month of March 2016 the production of the product was 40,000 units at the following costs:

Material—2,10,000 pieces at 5paise

Labour – 12,00 hours at Rs.2

Factory overhead costs-

Fixed	Rs. 5,000
Variable	Rs.11,500
	Rs. 16,500

It is required to –

(i) determine the standard factory overhead costs, both fixed and variable components, per standard productive hour

(ii) determine the difference between standard cost and actual cost of producing 40,000 units.

(iii) calculate appropriate material and labour variances.

(2×6=12 weightage)

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