

SYBMS/SEM IV/EXT/SCM

Time: 2½ hrs.

Marks:75

Note:

1. All questions are compulsory with internal options.
2. 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) Costs are segregated into controllable and non-controllable in _____.
 (a) activity based costing (b) integrated accounting
 (c) responsibility accounting (d) cost accounting
- 2) A responsibility centre whose performance is measured by its ROI is known as _____.
 (a) investment centre (b) cost centre
 (c) revenue centre (d) profit centre
- 3) If the standard cost is higher than the actual cost then the difference would be known as _____.
 (a) Positive (b) Favourable
 (c) Adverse (d) Negative
- 4) Standard is determined for _____.
 (a) A specified period (b) Specified level of activity only
 (c) Each element of cost (d) Monetary terms only
- 5) The full form of ROI is _____.
 (a) rate of interest (b) return on investment
 (c) rate of investment (d) All of the above
- 6) Product cost means _____.
 (a) variable cost (b) fixed cost
 (c) semi- variable cost (d) None of the above
- 7) _____ = $\frac{\text{Profit.}}{\text{P/V ratio}}$
 (a) sales (b) break even point
 (c) margin of safety (d) None of the above

- 8) Fixed cost in totality _____.
- (a) increase (b) decrease
(c) remains constant (d) All of the above
- 9) Standard costs may be used by _____.
- (a) Product costing (b) Planning
(c) Controlling (d) All of the above
- 10) Sales value variance = budgeted cost - _____.
- (a) actual cost (b) standard cost
(c) revised standard cost (d) All of the above

(B) State whether the following statements are true or false. (Attempt any 7) (07)

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

Q.2

From the data given below, calculate (15)

- (a) material cost variance,
- (b) material price variance.
- (c) material usage variance
- (d) material mix variance
- (e) material yield variance

Consumption per 100 unit of products

Materials	Standard	Actual
X	40 units @Rs 50 per unit	50 units @Rs 50 per unit
Y	60 units @Rs 40 per unit	60 units (@Rs 45 per unit

OR

Q.2

The **standard** mix producing X commodity was as follow:

(15)

Material A 60 tonnes @ Rs 10

Material B 90 tonnes @ Rs 20

The **actual** mix was as follows:

Material A 80 tonnes @Rs 12

Material B 60 tonnes @Rs 25

Calculate:

- (a) material cost variance,
- (b) material price variance.
- (c) material usage variance
- (d) material mix variance
- (e) material yield variance

Q.3

The following figures relate to Amit Ltd.

(15)

Selling price per unit	Rs.40
Direct materials per unit	Rs 12
Direct labour per unit	Rs 9
Other variable overheads per unit	Rs 7
Fixed factory overheads	Rs 3,20,000
Fixed office overheads	Rs 4,30,000

Calculate:

- (1) P/V Ratio
- (2) Break Even Sales in Units and Rs
- (3) Sales to earn profit of Rs 4,50,000
- (4) New break even point in Rs and units if total fixed overheads are increased by 15%.

OR

Q.3

Cookwell Ltd. manufactures pressure cookers the selling price of which is Rs. 300 per unit.

(15)

Currently the capacity utilisation is 60% with sales turnover of Rs. 18 lakhs. The company proposes to reduce the selling price by 20% but desires to maintain the same profit position by increasing the output. Assuming that the increased output could be made and sold, determine the level at which the company should operate to achieve the desired objective.

The following further data are available:

- (1) Variable cost per unit Rs. 60.
- (2) Semi-variable cost (including a variable element of Rs. 10 per unit) Rs.1,80,000.
- (3) Fixed cost Rs. 3,00,000 will remain constant upto 80% level. Beyond this an additional amount of Rs. 60,000 will be incurred

Q.4 ABC Co. fixes the inter divisional transfer prices for the product on the basis of cost plus a return on investment in the division. The budget for division A for 2011-12 is as under: (15)

Fixed assets	Rs 2,50,000
Current assets	Rs 1,50,000
Debtors	Rs 1,00,000
Annual fixed cost of the division	Rs 4,00,000
Variable cost per unit of product	Rs 10

Budgeted volume 2,00,000 units per year

Desired ROI 28%

Determine the transfer price for division 'A',

If the (in units) can be increased by 10%, what will be the impact on transfer price?

OR

Q.4 Using the following information, calculate labour variances: (15)

The budgeted labour force for producing product X is:

20 Semi-skilled workers @75 paise per hour for 50 hours

10 Skilled workers @Rs 1.25 per hour for 50 hours

The actual labour force employed for producing X is:

22 Semi-skilled workers @80 paise per hour for 50 hour

8 Skilled workers @Rs 1.20 per hour for 50 hours

Q.5 A. Explain principles of TQM (08)

B. Explain DMAIC approach in six sigma. (07)

OR

Q.5 Write short notes on (Attempt any 3) (15)

- (1) Cost audit
- (2) Management audit
- (3) Product life cycle
- (4) Standard costing
- (5) Learning Curve