SYBMS/SEM IV/REG/SCM

Time: 2½ hrs. **Marks:75**

Note:
1. All questions are compulsory with internal options.
2. The 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. (Attempt any 8) **(08)**

(1) Buiding Depreciation is a __________ level activity.
(a) Product (b) Facility
(c) Batch (d) Unit

(2) In case of limiting factor, contribution should be calculated per ___________
(a) Overhead (b) Direct expenses
(c) Limiting factor (d) Variable cost

(3) Strategic cost management has a
(a) Broad focus (b) Narrow focus
(c) No focus (d) None of these

(4) BPR stands for
(a) Business Production regression (b) Business Process re-engineering
(c) Business Planning report (d) Business Process Report

(5) Fixed cost remains constant irrespective of _____
(a) Output (b) Input
(c) Prime Cost (d) Desired Sales

(6) _____ in variable cost increases contribution.
(a) Increase (b) Decrease
(c) Fluctuation (d) Change

(7) _____ ratio shows the relationship between contribution and sales.
(a) Break-even Sales (b) PV ratio
(c) Net Present Value (d) Margin of Safety

(8) Valuation of stock in marginal costing is done at
(a) Total cost (b) Marginal Cost
(c) Fixed cost (d) Prime Cost

(9) Cost volume profit analysis is used PRIMARILY used by management _____.
(a) As a planning tool (b) For control purposes
(c) To prepare external financial statements (d) For correct financial results

(10) Under which of the following cases does the margin of safety decrease?
(a) Reduction in fixed cost (b) Increase in variable cost
(c) Increase in the level of production (d) Increase the selling price

(B) State whether the following statements are True or False. (Attempt any 7) **(07)**

(1) BEP analysis is necessary for a newly established business.
(2) Material usage variance arises because of waste of material.
(3) Fixed cost is considered to be irrelevant for decision-making purposes.
(4) Independent branch is a cost centre
(5) Quality inspection is a part of batch-level activity.
(6) Variable cost is also known as Marginal cost.
(7) TQM stands for Total Quality Management.

(8) Labour rate variance is influenced by the number of labours used for production.
(9) Transfer pricing is an internal pricing system.
(10) The Breakeven Point is influenced by the number of units sold.

Q.2 (a) Eagle Limited manufactures 4 components of a product. The cost structure of the components are stated below: (15)

Particulars	X	Y	Z	A
Direct material	160	200	200	240
Direct labour	40	50	50	60
Variable overheads	20	24	30	20
Fixed Overhead	30	46	50	40
Total	250	320	330	360
Output per Machine	4	2	3	3

The Key factor is machine Activity. Advise the company management whether to make or buy them from a supplier who quotes the following prices.

J – Rs. 230; Q – Rs. Rs.290; L – Rs.260; M – Rs. 300

OR

Q.2 (p) From the following information - calculate: (08)

i. Rate of return on Investment and Return on Sales
ii. Residual Income

Particulars	Rs.
Sales	160,00,000
Net Book Value of Assets	50,00,000
Net Income	12,80,000
Minimum Rate of Return	12%

(q) Explain Product Lifecycle costing. (07)

Q.3 (a) (15)

Material	STANDARD			ACTUAL		
	Qty (KG)	Rate (Rs.)	Total(Rs.)	Qty (KG)	Rate (Rs.)	Total(Rs.)
A	4	10	40	1250	8	10,000
B	2	20	40	550	21	11,550
C	2	40	80	700	36	25,200
	8			2500		

Actual Output = 300 units.
Calculate all the material variances.

OR

Q.3 (p) A company produces and sells chocolates. The number of units of estimated sales for the upcoming quarter was 100,000 units of chocolate boxes. (08)

Particulars	Rs.
Selling price per unit	125
Variable cost per unit	75
Fixed Cost	Rs. 30,00,000

Calculate :

a. PV ratio
b. BEP Units
c. Margin of safety at the estimated sales

d. Revised BEP and Revised Margin of safety if Fixed cost changed to Rs. 40,00,000

(q) What is Cost Audit? What are the objectives of Cost Audit? (07)

Q.4 (a) A Company produces 4 products P, Q, R, S. The data relating to production activity are as under: (15)

Product	Quantity of production	Material Cost/unit	Direct labour hour/unit	Machine hour/unit	Direct labour cost/unit
P	1000	10	1	0.5	6
Q	10000	10	1	0.5	6
R	1200	32	4	2.0	24
S	14000	34	3	3.0	18

Production overheads are as under:

Particulars	Rs.
Machine Oriented activity – Overheads	299,400
Overhead – ordering Material	15,360
Set up Cost	34,800
Administration overhead for spare part	68,760
Material handing	60,588

The following further information is compiled:

Product	No. of Setups	No. of material Order	No. of times material handled	No. of spare parts
P	6	6	12	12
Q	36	24	60	30
R	10	6	18	6
S	48	24	72	24

a. Select a suitable cost driver for each of the expense overhead expenses and calculate the cost per unit of cost driver,
b. Using the concept of ABC, calculate the factory cost per unit of each product.

OR

Q.4 (p) The following data is available. (08)

Particulars	Sales (Rs.)	Profit(Rs.)
Year 1	75,00,000	500,000
Year 2	100,00,000	10,00,000

Assuming that the cost structure and the selling price remains the same:
Calculate:
a. PV ratio
b. BEP Sales
c. Margin of Safety
d. Required Sales if Desired Profit is Rs. 20,00,000/-
e. Revised BEP Sales, if Fixed cost is increased by Rs.500,000/-

(q) What is Kaizen Costing? Explain the benefits and implementation procedures. (07)

Q.5 (a) What is Strategic Cost Management (SCM)? What are the features? (15)

OR

Q.5 (p) **Write short notes on (Attempt any 3)** (15)
(1) Back flush

(2) Profit centre
(3) Business Process Outsourcing
(4) Activity-based Costing
(5) Breakeven Point Analysis

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