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III Semester M.Com Degree Examination, April/May - 2022

COMMERCE

Strategic Cost Management - I

(CBCS Scheme)

Paper - 3.4 AT

Time : 3 Hours

Maximum Marks : 70

SECTION - A

Answer any Seven Questions out of Ten. Each question carries 2 marks. (7×2=14)

1. a) What are the techniques of cost reduction?
- b) What is management control?
- c) State the steps in ABC.
- d) What is meant by product Design?
- e) State the benefits of Product Life Cycle.
- f) Define kaizen costing?
- g) What is lean cost management?
- h) What do you meant by LCC?
- i) List out the benefits of JIT.
- j) What is Value Engineering?

SECTION - B

Answer any FOUR questions out of Six. Each question carries five marks.

(4×5=20)

2. Briefly explain the areas of cost management?
3. What are the benefits of adapting ABC system?
4. How Life Cycle Costing model is selected and developed?

[P.T.O.]



5. The wages paid for an worker for an hour is Rs. 1500/- and he works 5 days in a week of 42 hours. The approved absence from his work place and maintenance of machine is 12 minutes and his job card show that his time chargeable during the week to various cost centers is as follows:

Job No. 125 : 20 Hours

Job No. 129 : 10 Hours

Job No. 132 : 8 Hours

Time unaccounted due to power failure. Show, how for it would dealt in the cost accounts.

6. "Money spent on installing a costing system is not an expenses but an investment". Comment.
7. Swathi automobiles is planning to replace its old trucks by new trucks either by Electric vehicles or Diesel engine vehicles. Finance cost 12% for a year, and other estimated costs are given below:

	Electric Vehicle (Rs in 00,000)'s	Diesel Engine Vehicle (Rs in 00,000)'s
Cost of Vehicle	65	45
Annual Operating Expenses	30 p.a.	75 p.a.

If company expects the Electric vehicles to last at 10 years which vehicle should be chosen? (PV of annuity for 10 years at 10% is 6. 144)

### SECTION - C

**Answer any Three questions out of Five. Each question carries Twelve marks**

**(3×12=36)**

8. Explain how cost analysis statement is prepared, implemented and monitored. in a service industry.
9. What are the objectives of JIT approach? Can JIT bring the changes in the firms overall cost. Explain?
10. Ruder Ltd. is manufacturing two products and furnishes the following data for the year The following are the estimates for the year.

Products	Annual Outputs (Units)	Total Machine Hours	Total Number of Purchases	Total Numbers of Set ups
RD 126	10000	40000	320	40
RD 132	120000	240000	742	88



(3)

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The annual overheads are as follows:

Particulars	Rs.
Volume related activity costs	550000
Set up related costs	820000
Purchase related costs	618000

You are required to calculate the overhead charge per unit of each product RD 126 and RD 132 based on:

1. Traditional method of charging overheads
  2. Activity based costing method.
11. Nandi Farm Equipments are manufacturing the four components and cost related to that are given below:

Particulars	M (Rs.)	N (Rs.)	O(Rs.)	P(Rs.)
Direct material	80	100	100	120
Direct Labour	20	25	25	30
Variable Overheads	10	12	15	10
Fixed Overheads	15	23	20	20
Total	125	160	160	180
Output per Machine Hour (Unit)	4	2	3	3

The key factor is machine capacity.

You are required to advise the management whether to make or buy them from a supplier who quotes following prices:

M: Rs. 115/- N: Rs. 175/- O: Rs. 135/- P: Rs. 185/-

12. What do you mean by Benchmarking ? Describe main types of benchmarking of critical success factor.
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