C 22139 (Pages : 3) Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, JUNE 2017

(CUCSS)

Commerce

MC 4C 15—COST MANAGEMENT

(2015 Admissions)

Time : Three Hours Maximum : 36 Weightage

Part A

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

1. Describe the Kaplam and Cooper's approach in the context of activity based costing.
2. State the importance of business process re-engineering.
3. What is life cycle costing ? Explain its relevance.
4. List out the similarities of traditional and activity based costing.
5. Briefly explain the utility of cost concepts in decision making.
6. Standard input =100 tonnes, standard yield = 90 tonnes, standard cost per tonne of output = Rs. 20. Actual input 200 tonnes, actual yield 182 tonnes. Compute the yield variance.

(6 × 1 = 6 weightage)

Part B

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

7. "Standard costs are bases for a proper managerial control of manufacturing operation". Comment.
8. Compare and contrast canteen costing with hotel costing.
9. Does the showing of income from by-products on the income statement influence the unit cost of the main product ? Discuss .
10. Autobots Ltd., a transport company maintains a fleet of Lorries for carrying goods from Calicut to Kannur, 100 kms. off. Each lorry, which operates 25 days on an average in a month, starts every day from Calicut with a load of 4 tonnes and returns from Kannur with a load of 2 tonnes. Calculate the total commercial tonne-kms and cost per commercial tonne-km when the total monthly charges for a lorry are Rs. 27,000.

    What rate per tonne should Autobots Ltd. charge if it plans to earn a gross profit of 20 % on the freightage ?

Turn over

11. Discuss the role of JIT and Value Chain analysis in cost management.

12. Two products, X and Y are obtained in a crude form and require further processing at a cost of Rs. 5 for X and Rs. 4 for Y per unit before sale. Assuming a net margin of 25 % on cost, their sale prices are fixed at Rs. 13.75 and Rs. 8.75 per unit respectively. During the period, the joint cost was Rs. 88,000 and the outputs were 8000 units in case of X and 6000 units in case of Y. You are requested to ascertain the joint cost per unit.

13. What is Activity-Based Costing ? Why it is needed ?

14. The following particulars are related to standard and actual production of the product-A :

    Standard quantity of material per unit, 5 kg.

    Standard Price, Rs. 5 per kg.

    Actual number of units produced, 400 units.

    Actual quantity of material used, 2200 kg.

    Price of material, Rs. 4.80 per kg.

    Calculate material price and material usage variance.

(6 × 3 = 18 weightage)

Part C

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

15. The following information obtained from the records of a manufacturing unit using standard costing system :

Particulars		*Standard*	*Actual*
Production (units)	...	4000	3800
Workings days	...	20	21
Fixed Overhead (Rs.)	...	40000	39000
Variable Overhead (Rs.)	...	12000	12000

You are asked to compute the following overhead variances :

(a) Variable Overhead Variance.

(b) Fixed Overhead Variance.

  (i) Expenditure Variance.

  (ii) Volume Variance.

  (iii) Efficiency Variance.

  (iv) Calendar Variance.

16. Discuss the characteristics, pros and cons of Kaizen costing.

17. The finished product of Niche Challengers Ltd., a manufacturing company passes through three processes, viz, A, B and C. The normal wastage in each processes is 5 %, 7 % and 10 % respectively (calculated with reference to the number units fed into each process). The scrap generated out of wastage has a sale value of Rs. 1.7, Rs. 1.8 and Rs.2 per unit in the process A, B and C respectively. The output of each process is transferred to the next process and the finished output emerges from the process C and transferred to stock. There was no stock of work-in-progress in any process in a particular month. The details of cost data for the month are as follows :

Particulars		*Processes*		
		A	B	C
Materials used (Rs.)	...	2,40,000	80,000	80,000
Direct Labour Cost (Rs.)	...	1,60,000	1,20,000	1,20,000
Production Expenses (Rs.)	...	80,000	80,000	56,000
Output in units (actuals.)	...	38,000	34,600	32,000

Process A was fed with 40,000 units of raw input at cost Rs. 6,40,000/-

Prepare the Process Accounts.

(2 × 6 = 12 weightage)