



JP – 287

**III Semester M.Com. Degree Examination, May/June 2023
(CBCS Scheme)
(2021 – 22 Onwards)
COMMERCE**

Paper – AT-3.4 : Strategic Cost Management – I

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** questions out of ten. **Each** question carries **two** marks. **(7×2=14)**

- a) State the key differences between Strategy and Plan.
- b) Define cost control.
- c) What is Kaizen Costing ?
- d) What do you mean by Zero based budgeting ?
- e) What do you mean by Cost centres ?
- f) What is value Re-engineering ?
- g) What do you mean by Bench marking ?
- h) Give the meaning of Value Analysis.
- i) What is differential cost pricing ?
- j) What do you mean by Break cost Accounting ?

SECTION – B

Answer **any four** questions out of six. **Each** question carries **five** marks. **(4×5=20)**

2. Write drawbacks of lean cost management.
3. ABC is truly find the exact cost of production ? Justify the statement.
4. What do you understand cost drivers ? Identify various cost drivers in textile industry.
5. Explain the different categories of the project life cycle.

P.T.O.



6. Rakshith Ceramics Ltd. is about to replace its rapidly deteriorating boiler equipment. Three types of boiler system are being considered as a suitable replacement.

- a) Coal
- b) Gas fired and
- c) Oil fired.

The associated cost are as follows :

(Rs. in 000's)			
Boiler system	A	B	C
Cost of boiler (including installation and commission)	110	148	130
Annual fuel cost	54	46	50
Annual operating labor cost	16	—	—
Annual maintenance costs	8	6	6
Annual electricity costs	2	2	2
Total annual costs	80	54	58

The new boiler system is expected to last at least ten years. The company has opportunity cost of finance of 15% per year. Which system should be chosen ?

7. What is penetrating price ? What are the circumstances in which this policy can be adopted ?

SECTION – C

Answer **any two** questions out of four. **Each** question carries **twelve** marks. (2×12=24)

8. Amar Ltd. Manufactures two types of machinery equipment A and B and applies/absorbs on the basis of direct-labor hours. The budgeted overheads and direct labor hours for the month of December are Rs. 12,42,500 and 20,000 hours respectively. The information about companies' products is as follows :

Particulars	Equipment	Equipment
	A	B
Budgeted production volume	2000 units	2625 units
Direct material cost	Rs. 250 per units	Rs. 400 per units
Direct labor cost		
Y : 3 hours @ ₹ 100 per hour		
Z : 4 hours @ ₹ 100 per hour	Rs. 400	Rs. 550



You are required to recommend with supporting calculations which of the machines should be purchased.

End of 4 th year	0.5921
End of 6 th year	0.4556
End of 8 th year	0.3506
End of 12 th year	0.2076
Years 1 to 6	3.8890
Years 1 to 12	5.6600

10. What problems occurs when traditional accounting is used with lean management ? Why do these problems occurs ?
11. Explain how is life cost analysis prepared, implemented and monitored in an organization.

SECTION – D

Compulsory Skill based Question on subject.

(1×12=12)

12. JIT concept is used by the leading car manufacturers companies like Toyota and Nissan. What benefits are achieved by following JIT for manufacturing companies in competition to the conventional inventory models ?
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