Reg. No. \_\_\_\_\_\_\_\_\_\_\_\_\_



**End Semester Examination – Nov / Dec – 2019**

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| **Code :** | **18MS3015** | **Duration :** | **3hrs** |
| **Sub. Name :** | **STRATEGIC COST MANAGEMENT** | **Max. Marks :** | **100** |

**ANSWER ALL QUESTIONS (5 x 20 = 100 Marks)**

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| **Q. No.** | **Sub Div.** | **Questions** | **Course**  **Outcome** | **Marks** |
| 1. |  | Enumerate the various ways of Classifying costs. Discuss the need for Cost Accounting Standards and elaborate on CAS – I on Cost Classifications to Industry. Illustrate with examples. | CO1 | 20 |
| **(OR)** | | | | |
| 2. |  | Explain how Competitive Advantage and Strategic Cost Analysis impact the strategic decision making. | CO1 | 20 |
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| 3. |  | “Transfer Pricing is inevitable in the context of expanding business”. In the light of the above statement, enumerate the factors that determine pricing decision in Corporates. Illustrate your answer. | CO1 | 20 |
| **(OR)** | | | | |
| 4. |  | A Company has two Divisions. Division A has a budget of selling 200000 units of a particular component ‘x’ to fetch a return of 20% on the average assets employed. The following particulars of Division ‘A’ are given below:  Fixed Overhead Rs. 5 lakhs  Variable cost Re. 1 per unit  Sundry Debtors Rs. 2 Lakhs  Inventories Rs. 5 lakhs  Plant &Equipments Rs. 5 lakhs  However there is a constraint in marketing and only 150000 units of component ‘x’ can be taken up by Division ‘B’ . Division ‘A’ wants a price of Rs.4 per unit of ‘x’ but Division ‘B’ is prepared to pay Rs. 2 per unit of ‘x’  Division ‘A’ has another option on hand, which is to produce only 150000 units of component ‘x’ this will reduce the holding of assets by Rs.2 lakhs and fixed overhead by Rs.25000.  You are required to advise the most profitable course of action for Division ‘A’. | CO3 | 20 |
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| 5. |  | Explain the Structure, Process and the factors influencing Management Control Systems. | CO1 | 20 |
| **(OR)** | | | | |
| 6. |  | Explain Balance Score card (BSC). What are the issues to be considered by a manager while implementing the BSC? Describe in detail the four perspectives of Balance score card with illustrations. | CO2 | 20 |
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| 7. |  | Seltos ltd. manufactures specialized equipment. Direct labour required to make the first equipment is 2000 hours. Learning curve is 80%. Direct labour cost is Rs. 4 per hour. Direct Material needed for one equipment is Rs.7200. Fixed overheads are Rs. 32,000.  Calculate the expected average unit cost of making  a) 8 equipments,  b) After manufacturing 8 equipments, if a repeat order for manufacture of another 8 equipments is received from the customer, what lowest price can be quoted for the repeat order? | CO3 | 20 |
| **(OR)** | | | | |
| 8. |  | Explain the areas in finance and accounting, where Learning Curve could be applied with its advantages. | CO2 | 20 |
|  | | **Compulsory**: |  |  |
| 9. |  | Fair deal produces a product specially for its three customers, P, Q, R requiring 20,000 units, 15,000 units and 10,000 units respectively per annum. The data about the product are:  Production Cost Rs.48 per unit  Sale price Rs. 90 per unit  Overheads:  Rs. Per annum  Quality Inspection 2,62,500  Delivery 2,55,600  Salesmen 74,000  After Sales Service 93,720  Fair deal apportions these non – production overhead costs on the basis of the production cost. The CEO is unhappy about this and asks you for an analysis upon Activity Based Costing method.  You find the following activity volumes in the period  P Q R  No. of Inspections 8,330 420 0  No.of deliveries 2,080 40 10  No.of Salesmen visits 160 20 5  After sales visits 160 84 40  Required:  i) Re-work the apportionment of non –production overheads to find the comparative costs of sales with that of Activity Based Costing and Traditional system.  ii) Comment on the results obtained in (i) | CO3 | 20 |