D 115141 **(Pages : 3)** **Name.......................................**

Reg. No...................................

THIRD SEMESTER M.B.A. DEGREE [2016 SCHEME] EXAMINATION JANUARY 2025

M.B.A. (CUCSS)

BUS 3C 18—STRATEGIC COST MANAGEMENT

Time : Three Hours Maximum : 36 Weightage

Part A

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

1. Define prime cost.
2. What is marginal costing ?
3. What is bye product ?
4. What is target costing ?
5. What is ERP ?
6. Define Pareto analysis.

(6 × 1 = 6 weightage)

Part B

Answer any **four** *of the following questions.*
Each question carries 3 *weightage.*

7. Explain the classification of cost.
8. Explain the features of marginal costing.
9. What is JIT ? Explain the features of JIT.
10. Differentiate between cost control and cost reduction.
11. Explain the impact of value analysis of on profit volume.

Turn over

12. Maxwell company manufactures and sells 5000 units of a product. The full cost per unit is Rs. 100 the company has fixed its price so as to earn a 20 % return on investment of Rs. 7,00,000.

Required :

- Calculate the selling price per unit from the above. Also calculate the mark up % on the full cost per unit.
- If the selling prices as calculated above represents a mark % of 30 % on variable cost per unit. Calculate the variable cost per unit.
- Calculate the company's income if it had increased the selling price to 110 at this price, the company would have sold 6500 units. Should the company have increased the selling price to Rs. 230 ?

(4 × 3 = 12 weightage)

Part C

Answer any **three** *of the following questions.*
Each question carries 4 *weightage.*

13. Rebel company manufactures 3 products X, Y and Z. all the products use the same raw material which is available to the extent of 50,000 kg only.

The following information is available from the books and records of the company.

Particulars	**Product - X**	**Product - Y**	**Product - Z**
Selling price per unit	Rs. 200	Rs. 240	Rs. 190
Variable cost per unit	Rs. 175	Rs. 220	Rs. 165
Raw materials requirements per unit (kg)	10	8	12
Market demand	10,000	6000	8000

Advise the company about the most profitable product mix and also compute the amount of profit resulting from such product mix if the fixed cost per unit are Rs. 2,50,000.

14. Explain the methods and techniques of cost control and reductions.

15. Write a short on the following :

a) Process costing ;

b) Cost drivers ; and

c) Break-even analysis.

16. Explain the steps in activity based costing.

17. How is absorption costing being differ from marginal costing ? Explain.

(3 × 4 = 12 weightage)

Part D

Answer the following question which carries 6 *weightage.*

18. Blue pearl company manufactures 2 products A and B. the product A is a low volume and its sales are only Rs. 4,000 per annum. Product B is high volume and labor intensive ; its sales are 20,000 units per annum. Product A takes 5 labor hour to make 1 unit and B requires 8 hours per unit.

Details of costs for materials and labor for each product are as follows :

Particulars	**Product - A**	**Product - B**
Direct materials	Rs. 220	Rs. 110
Direct labor @ Rs. 12 per unit	Rs. 70	Rs. 90
Total	Rs. 290	Rs. 200

The company works 1,00,000 labors hours per annum. Total manufacturing overhead costs are Rs. 21,50,000 per annum.

You are required to compute per unit cost of each product using.

- Direct labor rate method for absorption of overhead costs and
- Activity based costing techniques for absorption of overhead costs.

(1 × 6 = 6 weightage)