

D 12153

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Name.....

Reg. No.....

THIRD SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2016

(CUCSS)

BUS 3C 19—COST AND QUALITY MANAGEMENT

(2013 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Answer to all the Sections.

Section A

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

1. What are the techniques of costing ?
2. What is CVP analysis ?
3. What is transfer pricing ?
4. What is acceptance sampling ?
5. Define responsibility accounting.
6. What is strategic quality planning ?

(6 × 1 = 6 weightage)

Section B

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

7. What are the pre-requisites of a good costing system ?
8. Explain the causes and disposition of variances.
9. Explain TQM in service organisations.
10. Explain the concept and objectives of quality management.

Turn over

11. ABC Ltd. maintains a margin of safety of 37.5 % with an overall contribution to sales ratio of 40 %. Its fixed costs amount to Rs. 5,00,000. Calculate the following :—

- ◆ Break Even Sales.
- ◆ Total Sales.
- ◆ Total Variable Sales.
- ◆ Current Profits.
- ◆ New 'Margin of Safety' if the sales volume is increased by 7.5 %

12. Summarized below are the Income and Expenditure forecasts for the month March to August 2014 :

Month	Credit Sales Rs.	Credit Purchases Rs.	Wages Rs.	Manufacturing expenses Rs.	Office expenses Rs.	Selling expenses Rs.
March	60,000	36,000	9,000	4,000	2,000	4,000
April	62,000	38,000	8,000	3,000	1,500	5,000
May	64,000	33,000	10,000	4,500	2,500	4,500
June	58,000	35,000	8,500	3,500	2,000	3,500
July	56,000	39,000	9,000	4,000	1,000	4,500
August	60,000	34,000	8,000	3,000	1,500	4,500

You are given the following further information :—

- ◆ Plant costing Rs. 16,000 due for delivery in June. 10% on delivery and balance after three months.
- ◆ Advance tax Rs. 8,000 is payable in March and June.
- ◆ Period of credit allowed, Suppliers 2 months and customers 1 month.
- ◆ Lag in payment of manufacturing expenses half month.
- ◆ Lag in payment of all other expenses one month.
- ◆ Cash balance on 1st May, 2008 is Rs. 8,000.
- ◆ Prepare Cash Budget for three months starting from 1st May, 2014.

13. From the following data, which product would you recommend to be manufactured in a factory, time being the key factor :—

	Per unit of product A (Rs.)	Per unit of product B (Rs.)
Direct material	24	14
Direct labour (Rs./hour)	2	3
Variable overhead (Rs.2/hour)	4	6
Selling price	100	110
Standard time to produce	2 hours	3 hours

14. The following information has been gathered for a company doing jobbing work only for 2014 :—

	Rs.
Material consumed	4,00,000
Direct labour	3,00,000
Factory overheads	2,40,000
Selling and administrative expenses	94,000
Selling price	12,40,800

Company has to quote for a job to be undertaken in February 2015. It is estimated that the job will require material costing Rs. 30,000 and direct wages for it will be Rs. 45,000. What should be the quotation ?

(6 × 3 = 18 weightage)

Section C

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

15. In a manufacturing process, the following standards apply,
 Standard prices : Raw Material A Rs. 10 per kg, Raw Material B Rs.50 per kg
 Standard mix : 75 % A and 25 % B [by weight]
 Standard output [weight of product as a percentage of weight of raw material] 90 %
 In a particular period actual cost, usages and output were as follows :
 4400 kg of A costing Rs. 46,500
 1600 kg of B costing Rs. 78,500
 Output 5670 kg of product
 The budgeted output for the period was 7,200 kg.
 Calculate Material cost variances.

Turn over

16. The following data related to the manufacturing of a standard product during the month of March, 2014 :

Raw material consumed — Rs. 20,000

Direct wages — Rs. 12,000

Machine hours worked — 1,000 hours

Machine hour rate — Rs. 2 per hour

Office overhead — 20 % on works cost

Selling overhead — Re. 0.40 per unit

Unit's product — 20,000 units

Units sold at Rs. 3 each — 18,000 units

Prepare a cost sheet to show :

- Prime cost.
 - Work cost.
 - Cost of production.
 - Cost of production of goods sold.
 - Cost of sales.
 - Profit.
17. Explain different applications of marginal costing in managerial decisions with suitable examples.

(2 × 6 = 12 weightage)