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Karnataka Arts Science &
Commerce College
B. I. D. A. R. - 585 401

PGIIS-N 1159 A-2K13

M.Com. IInd Semester (CBCS) Degree Examination

Commerce

(Strategic Cost Management -A)

Paper - SC-2.4

(New)

Time : 3 Hours

Maximum Marks : 80

Section - A

1. Answer all the sub-questions. Each sub-question carries two marks (2×10=20)

- Define strategic cost management?
- What do you mean by experience curve?
- What is JIT Delivery?
- What is cost driver?
- What is value chain analysis?
- What are the cost of errors?
- What do you mean by use value?
- Define Total Quality Management?
- What do you mean by Target Costing?
- What are down stream costs?

Section - B

Answer any three questions. Each question carries five marks. (3×5=15)

- What is Kaizen costing? What are its objectives?
- State the features of JIT approach.
- What are the criticism of Activity Based Costing? Explain.
- Explain the necessity of Business process Reengineering.

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6. A company has the capacity of producing 100000 units and presently it sells 25000 units at Rs 100 per unit. The demand is sensitive to selling price and it has been observed that with every reduction of Rs 10 in selling price, the demand is doubled. What should be the target cost at full capacity if profit margin on sale is taken as 20%?

Section - C

Answer any three questions. Each question carries fifteen marks. (3×15=45)

7. What is cost management? Explain the factors affecting on cost management?
8. What do you mean by costs of quality? Discuss the traditional as well as modern views of optimisation of quality costs.
9. Discuss the core elements of process reengineering.
10. A company manufacturing two products furnishes the following data for a year:

Product	Annual Output (units)	Total Machine Hours	Total Number of Purchase orders	Total Number of set-ups
A	5000	20000	160	20
B	60000	120000	384	44

The annual overheads are as under:

Volume related activity costs:	Rs.550000
Set-up related costs:	Rs.820000
Purchase related costs:	Rs.618000

You are required to calculate the cost per unit of each product A and B based on (a) Traditional Method of charging overheads and (b) Activity based Costing Method.

11. A few details pertaining to the products of MNP company are presented below. Based on these, determine (a) target costs for each of the products and (b) cost-reduction targets for each of its products.

	Product M	Product N	Product Q	Product R
Expected sales Quantity (Units)	1,00,000	150000	200000	50000
Anticipated selling price(Rs)	200	180	220	250
Desired Rate of Return on Sales (%)	25	30	20	40
Current Feasible Cost per unit (Rs)	160	130	190	200