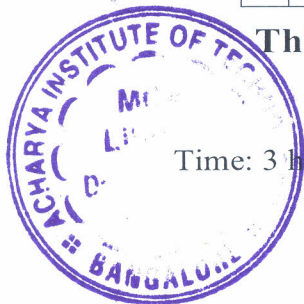


CBCS SCHEME

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22MBAFM303



Third Semester MBA Degree Examination, Dec.2024/Jan.2025

Strategic Cost Management

Time: 3 hrs.

Max. Marks: 100

- Note:** 1. Answer any *FOUR* full questions from Q.No.1 to Q.No.7.
 2. Question No. 8 is compulsory.
 3. M : Marks , L: Bloom's level , C: Course outcomes.

			M	L	C																																										
Q.1	a.	What is strategic cost management?	03	L1	CO1																																										
	b.	Briefly explain the different methods of costing.	07	L2	CO1																																										
	c.	The following figures are extracted from the book of Babu Industries Ltd., for the year ending 31 st March 2023.	10	L4	CO2																																										
		<table><tr><td></td><td>Rs.</td></tr><tr><td>Direct materials</td><td>56,000</td></tr><tr><td>Direct wages</td><td>60,000</td></tr><tr><td>Indirect wages</td><td>8,000</td></tr><tr><td>Other direct expenses</td><td>12,000</td></tr><tr><td>Factory rent and rates</td><td>4,000</td></tr><tr><td>Office rent and rates</td><td>400</td></tr><tr><td>Indirect materials</td><td>400</td></tr><tr><td>Depreciation: Plant & Machinery</td><td>1200</td></tr><tr><td>Office furniture</td><td>100</td></tr><tr><td>General Expenses: Factory</td><td>4500</td></tr><tr><td>Office</td><td>800</td></tr><tr><td>Selling</td><td>800</td></tr><tr><td>Managing director's remuneration</td><td>9600</td></tr><tr><td>Travelling expenses</td><td>900</td></tr><tr><td>Office salaries</td><td>3600</td></tr><tr><td>Carriage outwards</td><td>800</td></tr><tr><td>Advertisement</td><td>1600</td></tr><tr><td>Sales</td><td>2,00,000</td></tr><tr><td>Income tax</td><td>2000</td></tr><tr><td>Dividend</td><td>1000</td></tr></table> <p>Prepare cost sheet showing:</p> <p>(i) Prime cost (ii) Factory cost (iii) Cost of production</p> <p>(iv) Cost of sales (v) Profit</p>		Rs.	Direct materials	56,000	Direct wages	60,000	Indirect wages	8,000	Other direct expenses	12,000	Factory rent and rates	4,000	Office rent and rates	400	Indirect materials	400	Depreciation: Plant & Machinery	1200	Office furniture	100	General Expenses: Factory	4500	Office	800	Selling	800	Managing director's remuneration	9600	Travelling expenses	900	Office salaries	3600	Carriage outwards	800	Advertisement	1600	Sales	2,00,000	Income tax	2000	Dividend	1000			
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Q.2	a.	What is meant by under and over absorption of overhead?	03	L1	CO2																																										
	b.	The budgeted overheads and cost driver volumes of Moon Ltd. are as follows:	07	L4	CO4																																										
		<table><tr><td>Cost pool</td><td>Budgeted Overhead (Rs.)</td><td>Cost Driver</td><td>Budgeted Volume</td></tr><tr><td>Material procurement</td><td>5,80,000</td><td>No. of orders</td><td>1100</td></tr><tr><td>Material Handling</td><td>2,50,000</td><td>No. of Movements</td><td>680</td></tr><tr><td>Set-up</td><td>4,15,000</td><td>No. of set-ups</td><td>520</td></tr><tr><td>Maintenance</td><td>9,70,000</td><td>Maintenance hours</td><td>8400</td></tr><tr><td>Quality control</td><td>1,76,000</td><td>No. of inspections</td><td>900</td></tr><tr><td>Machinery</td><td>7,20,000</td><td>No. of machine hours</td><td>24000</td></tr></table>	Cost pool	Budgeted Overhead (Rs.)	Cost Driver	Budgeted Volume	Material procurement	5,80,000	No. of orders	1100	Material Handling	2,50,000	No. of Movements	680	Set-up	4,15,000	No. of set-ups	520	Maintenance	9,70,000	Maintenance hours	8400	Quality control	1,76,000	No. of inspections	900	Machinery	7,20,000	No. of machine hours	24000																	
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1 of 3

	<p>The company has produced a batch of 2600 components of 'MAT-365', its material cost was Rs.1,30,000 and labour cost was Rs.2,45,000. The usage activities of the said batch are as follows:</p> <p>Material orders = 26 </p>
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Q.5	a.	What is cost audit?	03	L1	CO3
	b.	What is management reporting? Explain the requisites of a good report.	07	L2	CO3
	c.	Write a detailed note on the following: (i) Cost reduction (ii) Cost control (iii) Target costing (iv) Balanced score card	10	L3	CO3
Q.6	a.	What is Revenue Centre?	03	L1	CO3
	b.	Write a note on cost management in Agriculture Sector.	07	L3	CO3
	c.	What is transfer pricing? Explain the methods of transfer pricing.	10	L6	CO4
Q.7	a.	From the following information, calculate profit by using marginal costing technique: Fixed cost = Rs.2,00,000			