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2019

COMMERCE

Full Marks : 80

Time : Three hours

The figures in the margin indicate full marks for the questions.

Paper : COM-3056

(Advanced Cost and Management)

1. Select the right answer from different alternatives : 1×10=10

(a) A company undertakes a job-works. Which one of the following is likely to be a variable cost for this job-works ?

(i) The wage of workers paid on monthly basis

(ii) The salary of the factory managers

(iii) The wages of shop floor workers paid by piece rate

(iv) The rent of factory.

Contd.

(b) As production in increases, fixed cost per unit _____.

(i) Increases

(ii) decreases

(iii) remains unchanged

(iv) becomes nil

(Fill in the blank with suitable answer)

(c) All opportunity costs are usually :

(i) Irrelevant costs

(ii) Sunk cost

(iii) Relevant cost

(iv) Incremental cost

(d) _____ centre considers not only costs and revenues but also the assets used in the division.

(i) Investment

(ii) Profit

(iii) Revenue

(iv) Cost

(Fill in the gap with suitable answer)

(e) _____ is a price used to measure the value of goods/services furnished by a profit centre to other responsibility centres within a firm.

(i) Cost price

(ii) Invoice price

(iii) Transfer price

(iv) Administered price.

(Fill in the gap with suitable answer)

(f) Zero-Base Budget was first used by

(i) Albert Rusvelt

(ii) G. K. hongston

(iii) L. Morse

(iv) Jemmy Carter

(g) Under Management Information System _____ are prepared when routine reports do not serve the purpose.

(i) Day-basis Report

(ii) Section-basis Reports

(iii) Special Reports

(iv) Intra-industry Reports

(Fill in the gap with suitable answer)

(h) Value analysis is a _____ process.

- (i) remedial
- (ii) preventive
- (iii) continuous
- (iv) irregular

(Fill in the gap with suitable answer)

(i) Activity Expenses assigned to a product
= _____ (×) Quantity of each activity
cost driver used by the product.

- (i) Activity Pool
- (ii) Cost Pool
- (iii) Input activity price
- (iv) Activity Cost Driver Rate

(Fill in the gap with suitable answer)

(j) Replacement Cost Approach of Human
Resource Accounting was developed by :

- (i) Rensis Likert & Eric G. Flamjholtz
- (ii) Brummet & L Cort.
- (iii) L. Zebrin & K. Lorse
- (iv) N. Morse & B. Ducker.

2. Write the answers in brief: *(any six)* 5×6=30

- (i) "Direct costs and controllable costs are not necessarily the same"—Review the comment with example.
- (ii) What factors are considered in establishing a responsibility centre?
- (iii) What are the requisites for a successful budgetary control system?
- (iv) Mention the various types of reports applicable for Management Information System.
- (v) What is cost effectiveness? How is it measured? Write the basic difference in between cost efficiency and cost effectiveness. 2+1+2
- (vi) State the salient features of Life Cycle Costing.
- (vii) What is target costing? What are the steps of target Costing?
- (viii) Elucidate the significance of Throughput Accounting.

3. The following information have been submitted by Manua Ltd. which is producing to articles product X and product Y using some raw materials.

Cost Structure	X	Y
	Rs	Rs
Material	1000	2500
Direct Labour	1500	3000
Variable Overhead	500	1000
Price of Material (per kg)	100	100
Wage rate per hour	60	60

Selling Price X : Rs. 5000 per unit and
Y : Rs. 10,000 per unit

Total Fixed Overhead = Rs. 20,00,000

You are required to comment on the profitability of each product when —

- total sale in value is limited
- raw material is the limiting factor
- production capacity is the limiting factor.
- total availability of raw material is 40,000kg and sale potential of each product is 2000 units. Find the product-mix in this case which give maximum yield. $2+2+2+4=10$

Or

Explain the managerial application of the following cost concepts: $2 \times 5 = 10$

(a) Shut Down Cost

(b) Engineered Cost

(c) Fixed Cost

(d) Relevant Cost

(e) Opportunity Cost.

4. What is the basic distinction in between functional budget and master budget? Write a brief note on 'Behavioural Aspect of Budget'. $3+7=10$

Or

Write a critical note on managerial control system highlighting functions at strategy formulation, managerial control and task control levels.

5. RKP limited has collected the following data for its two activities. It calculates activity cost rates based on Cost Driver Capacity.

Activity	Cost Driver	Capacity	Cost (Rs)
Power	Kilowatt - hours	50,000 hours	2,00,000
Quality inspections	Number of inspections	10,000 inspection	3,00,000

The Company makes three products, R, K, and P. For the year ended 31st March 2019, the following consumption of cost drivers was reported.

Products	Kilowatt - hours	Quality Inspections
R	10,000	3500
K	20,000	2500
P	15,000	3000

Required

- Compute the costs allocated to each product form each activity
- Calculate the cost of unused capacity for each activity. $6+4=10$

Or

What are the different types of Environmental Accounting? Examine the scope of Environmental Accounting. 5+5

6. Elucidate the significance of and method for Value analysis 4+6

Or

Write the different aspects of cost control. How is the cost reduction different from cost control ? 5+5