



M.Com. (Semester – IV) Examination, April 2016
COO4A2 : COST MANAGEMENT (OA – 18)

Duration : 3 Hours

Max. Marks : 60

- Instructions :** 1) This paper consists of **nine** questions carrying **equal** marks.
2) Question No. 1 consists of **5 compulsory** questions of **2 marks each**.
3) Answer **any 5** questions from questions 2, 3, 4, 5, 6, 7, 8 and 9.
4) **Each** question carries **10** marks. Figures to the **right** indicate marks.

1. Answer the following questions : (5×2=10)
 - a) Give any two uses of Cost Management.
 - b) Mention any four characteristics of a good balance scorecard.
 - c) State any four advantages of using Target Costing.
 - d) Enumerate any four assumptions of Linear Programming.
 - e) What is a balanced and unbalanced assignment problem ?
2. Explain in detail the perspectives of a Balanced Scorecard. 10
3. What do you understand by the term Responsibility Accounting ? What are the benefits and problems of Responsibility Accounting ? 10
4. A) Explain the target costing process with a suitable example. 3
B) Explain the phases and applications of Learning Curve. 7
5. A) Give any four differences between PERT and CPM. 2
B) What are the methods of obtaining an initial feasible solution in a transportation problem ? 8



6. Semicod is an electronics company manufacturing tape recorders and radios. It's per unit labour costs, raw material costs and selling prices are given in Table 1. An extract form from its balance sheet on 31.3.2015 is shown in Table 2. Its current ratio is 2.

Table 1 : Cost Information

Items	Products	
	Tape Recorder (Rs.)	Radio (Rs.)
Selling Price	1,000	900
Labour Cost	500	350
Raw Material Cost	300	400

Table 2 : Balance Sheet Extract

Particulars	Current Liabilities (Rs.)	Current Assets (Rs.)
Cash		1,00,000
Account Receivable		30,000
Inventory *		70,000
Short term Bank Borrowing	1,00,000	

* 100 units of raw material used for tape recorder and 100 units of raw material used for radio.

Semicod must determine how many tape recorders and radio must be produced in April 2015. Demand is large enough to ensure that all goods produced will be sold. All sales are on credit and payment for goods sold in April 2015 will not be received until 31st May 2015. During April 2015 it will collect Rs. 20,000 in accounts receivable and must pay off Rs. 10,000. On 30-4-2015 it will receive a shipment of raw material worth Rs. 20,000 which will be paid on 31-5-2015. The management has decided that the cash balance on 30-4-2015 should be Rs. 40,000 with a current ratio of 2. Assume that labour cost (wages) monthly rent (Rs. 10,000) will be paid in the month in which they are incurred. Formulate a linear programming problem and graphically solve it.



7. A solicitor firm employs typists on hourly piece basis for their daily work. There are five typists for service and their charges and speeds are different. According to an earlier understanding only one job is given to one typist and the typist is paid for full hours even if he works for a fraction of an hour. The following information given below :

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Typist	Rate per hour (Rs.)	No. of pages typed/Hour	Job	No. of Pages
A	5	12	P	199
B	6	14	Q	175
C	3	8	R	145
D	4	10	S	298
E	4	11	T	178

Assign and find the least cost allocation.

8. A company has four factories situated in four different locations in the country and four sales agencies located in four other locations of the country. The cost of production per unit, the sale price per unit, the shipping cost per unit (cells of the matrix), monthly capacities and monthly requirements are given below :

Factory	Sales Agency				Monthly Capacity (Units)	Cost of Production
	1	2	3	4		
A	7	5	6	4	10	10
B	3	5	4	2	15	15
C	4	6	4	5	20	16
D	8	7	6	5	15	15
Monthly Requirements (Units)	8	12	18	22		
Sales Price	20	22	25	18		

Using Vogel's Approximation Method find the monthly production and distribution schedule that will maximize profit.

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9. From the following activities construct a project network, find its critical path and calculate Total Float :

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Activity	Predecessor	Duration in days
A	-	2
B	A	14
C	A	14
D	B, C	3
E	D	70
F	D	14
G	F	1
H	D	1
I	D	7
J	D	7
K	J	14
L	K	1
M	E, G, L	1
N	H, M	1
O	I, N	1