SDV – 19

M.Com. (Semester – IV) Examination, November 2014
ACCOUNTING AND FINANCE
C04A3 : Cost Management (OB – 10)

Duration : 2 Hours | Total Marks : 50

1. Discuss briefly the following **five** questions : **10**
   a) Performance measurement
   b) Benchmarking
   c) PERT V/s CPM
   d) Cost drivers
   e) Unbalanced assignment.

2. A) "Cost management focuses not on the measurement per se but on the identification of those measures that are critical to the firms success of developing competitive strategy. Discuss. **10**

   OR

   B) What is balanced score card ? Explain the various perspectives around which BSC evolves with the help of a diagram. **10**

3. A) "Product life cycle costing is a way to enhance the control of manufacturing costs." Explain in the view of experience curve theory. **10**

   OR

   B) State the areas in which the application of learning curve theory can help a manufacturing organisation. **10**

4. A) A small scale manufacturer has production facilities for producing two different products. Each of the products requires three different operations : grinding, assembly and testing. Product I requires 15, 20 and 10 minutes to grind, assemble and test respectively. Whereas product II requires 7.5, 40 and 45 mins for grinding, assembly and testing. The production run calls for at least 7.5 hours of grinding time, at least 20 hours of assembly time and at least 15 hours of testing time. If product I cost ₹ 60 and product II costs ₹ 90 to manufacture, determine the number of each product to be manufactured so as to reduce the cost of production. **10**

   OR

P.T.O.

B) A company has 3 plants P_1, P_2 and P_3, there are three warehouses. W_1, W_2 and W_3. The number of units available at the plants are 60, 75 and 90 respectively. The requirements at the warehouses are 50, 90 and 85 respectively.

The unit costs of transportation are as follows :

Plants	Warehouses		
	W_1	W_2	W_3
P_1	8	10	12
P_2	12	13	12
P_3	14	10	11

Find the allocation using North West Corner rule so that the total cost of transportation is minimum. Check if the solution is degenerate. Use stepping stone method to find the optimal solution. **10**

5. A) The RCB company is planning to design, develop and market a new racing cycle. The project is composed of the following activities.

Activity	Description	Predecessors	Time (Weeks)
A	Design frame	None	4
B	Design wheels	None	3
C	Design gears	None	3
D	Design handlebars	C	2
E	Test steering	A, B, D	1
F	Test gears	A, B, D	2
G	Performance test	E, F	3
H	Manufacturing layout	A, B, D	3
I	Manufacture demonstrators	H	5
J	Prepare advertising	G	2
K	Prepare users manual	G	4
L	Distribute to dealers	I, J, K	2

Construct the network, determine the critical path and the duration of the project. **10**

OR

B) A large engineering workshop has five shops. They have been fabricating five different types of components, one in each shop. Fabrication of one of these components is to be discontinued. Since the firm will follow the policy one shop one component, one of the shops will be closed down. Data on the no. of units to be manufactured and the profit perunitare given below. Recommend an optimal plan as to which component should be produced in which shop and which of the shops be closed down ? **10**

Shops	Components			
	C_1	C_2	C_3	C_4
S_1	6	7	5	8
S_2	7	6	5	9
S_3	8	7	6	9
S_4	8	9	4	8
S_5	9	8	6	7
no. of units (000)	8	6	4	5