

Roll.No.

23PAFCT2005

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN  
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)  
Chromepet, Chennai - 600 044.

M.Com. A&F - END SEMESTER EXAMINATIONS - NOVEMBER 2025  
SEMESTER - II

**23PAFCT2005 - Strategic Cost Management**

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

### Section B

Answer any **SIX** questions ( $6 \times 5 = 30$  Marks)

1. What is kaizen costing? What are its benefits?
2. Discuss the advantages of life cycle costing.
3. A publishing house has brought out a new monthly magazine, which sells at ₹37.5 per copy. The cost of producing it is ₹30 per copy. A news-stand estimates the sales pattern of the magazine as follows:

Demand Copies	Probability
0 < 300	0.18
300 < 600	0.32
600 < 900	0.25
900 < 1,200	0.15
1,200 < 1,500	0.06
1,500 < 1,800	0.04

The news-stand has contracted for 750 copies of the magazine per month from the publisher. The unsold copies are returnable to the publisher who will take them back at cost less ₹4 per copy for handling charges.

The news-stand manager wants to the demand and profitability. The following random number may be used for simulation:

27, 15, 56, 17, 98, 71, 51, 32, 62, 83, 96, 69.

Required :

Allocate random numbers to the demand pattern forecast by the new-stand.

4. A Company is planning a new product. Market research information suggests that 40,000 units of the product can be sold at maximum of Rs.25 per unit. He company seeks a minimum mark up to 25% on product cost. It is estimated that the lifetime of the product will be as follows:
  - (1) Research and development, design cost Rs.1,50,000
  - (2) Manufacturing cost Rs.16 per cost
  - (3) End of Life cost Rs.70,000
  - (4) Promotion and capacity cost Rs.30,000

Contd...

5. What are the characteristics of cost control?
6. How Strategic Cost Management differ from Traditional Cost Management?
7. Explain the importance of Pareto Analysis.
8. Discuss the features of Information technology.

### Section C

I - Answer any **TWO** questions (2 × 10 = 20 Marks)

9. What is strategic cost management? Explain the concept of strategic cost management.
10. Bring out the difference between Cost control and Cost reduction.
11. Elaborate on the key risk factors affecting agricultural sector.
12. Briefly explain the Hertz Simulation model.

II - Compulsory question (1 × 10 = 10 Marks)

13. Titan Co makes digital watches. Titan is preparing a product life cycle. budget for a new watch citizen. Development on henew watch is to tart Shortly. Estimates for Citizen watch are as follows:

	Rs.
Life cycle units manufactured and sold	4,00,000
Selling price per unit	Rs.400
<b>Life cycle cost:</b>	
R&D and design costs	1,00,00,000
<b>Manufacturing:</b>	
Variable cot per unit	150
Variable cost per batch	6,000
Watches per batch	500
Fixed cost	1,80,00,000
<b>Marketing :</b>	
Variable cost per watch	32
Fixed cost	10,00,000
<b>Distribution costs :</b>	
Variable cot per batch	200
Watches per batch	160
Fixed costs	72,00,000
Customer–service cost per watch	15

Required:

- (i) Calculate the budgeted life cycle operating income for the new watch.
- (ii) What percentage of the budgeted total product life cycle costs will be incurred by the end of the R&D and design stage

**Contd...**

- (iii) An analysis reveals that 80% of the budgeted total product life cycle costs of the new watch will be locked in at the R&D and design stage.

What are the implications of managing Citizens cost?

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