

Roll No.

56050

**M.B.A. 2 Year 3rd Semester
(N.S.) Batch 2011-13**

Examination-December, 2015

Strategic Cost Management & Control

Paper-MBA-311

Time : 3 hours

Max. Marks : 80

Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard will be entertained after the examination.

Note : Section-A is **compulsory**. Attempt **four** questions from section B by selecting **one** question from each unit. All questions carry equal marks.

56050-2400-(P-7)(Q-9)(15) (1)

[Turn Over

Section-A

1. Define the following terms:

- (a) Throughput contribution in Theory of Constraints
- (b) Batch level activities
- (c) Activity based budget
- (d) Process innovation
- (e) Role of Responsibility centers in strategic positioning
- (f) Manufacturing cycle efficiency
- (g) RI and EVA
- (h) Prevention cost and appraisal cost

56050-2400-(P-7)(Q-9)(15) (2)

Section-B

Unit-I

- 2. Define life cycle costing approach? Why is it important in strategic decision making?
- 3. Define strategic cost management. What role it has in strategic positioning? Identify the factors affecting the cost management practices.

Unit-II

- 4. Describe the benefits that management can expect from activity based costing. List the steps that a company using a volume based costing would take to implement ABC.

56050-2400-(P-7)(Q-9)(15) (3) [Turn Over

5. Medical Arts Hospital uses a hospital-wide overhead rate based on nurse-hours. Physician's charges are traced directly to the patient but facilities and nursing costs are the two main categories of overhead. The intensive care unit (ICU), which has 30 beds, applies overhead using patient-days. Its budgeted cost and operating data for the year follows

Budget Information	
Hospital total overhead	\$57,600,000
Hospital total nurse-hours	1,152,000

Budget Cost Driver Information for ICU for the Month of June

Cost Pool	Budget Cost	Driver Cost	Budget Cost
Facilities and Equipment	\$2,400,000	Number of patient-days	7,500
Nursing care	\$3,000,000	Number of nurse-hours	80,000

56050-2400-(P-7)(Q-9)(15) (4)

Operating Data	
Nurse-hours	81,000
Patient-days	7,250

Required :

1. Calculate the ICU's overhead costs for the month of June using:

- (a) The hospital-wide rate
- (b) The ICU department-wide rate
- (c) The cost driver rates for the ICU department.

2. Explain the difference and determine which overhead assignment method is more appropriate.

56050-2400-(P-7)(Q-9)(15) (5) [Turn Over

9. Define quality and total quality management and explain the relationship between total quality management and productivity.

Unit-III

6. What are the implications of ZBB and Kaizen budgeting with respect to overhead cost management and resource allocation decision?
7. Discuss in detail important methods of transfer pricing with suitable examples.

Unit-IV

8. Explain objectives and performances measures for different perspectives of balanced score card. How these perspectives contribute in strategic positioning?

56050-2400-(P-7)(Q-9)(15) (6)

56050-2400-(P-7)(Q-9)(15) (7)