

|  |  |  |
| --- | --- | --- |
| **Semester: September’23 to December’23**  **Maximum Marks: 50 Examination: ESE Exam Date: 15-12-2023 Duration: 3 hours** | | |
| **Programme code:** 08  **Programme:** MBA Executive | **Class:** FY | **Trimester:** I |
| **College:**  K. J. Somaiya Institute of Management | **Name of the department/Section/Center:**  Finance & Law | |
| **Course Code:** 217P08C105 | **Name of the Course:** Cost Modeling & Strategic Cost Management | |
| **Instructions:** Do not use any ink other than black or blue to write your answers. Cancellation, if any, is to be done using pen only. | | |

|  |  |  |
| --- | --- | --- |
| **Question No.** |  | **Max.**  **Marks** |
| **Q.1** | **Classify the following costs on the basis of Element, Applicability and Behavior:**  **i.** Remuneration paid to an accountant of a manufacturing firm.  **ii.** Ingredients used for the manufacturing of soaps.  **iii.** Wood used in manufacturing table tops.  **iv.** Annual one-time rent paid for hiring vehicles to transport products.  **v.** Cloth used for making shirts of administration staff.  **vi.** Steel parts used for making utensils.  **vii.** Remuneration paid on a daily basis to a helper.  **viii**. Depreciation calculated on a job work machine in a factory.  **ix.** Lump sum rent paid for storage of goods in a factory godown.  **x.** Post sales maintenance contracts with three services offered annually. | **10** |
| **Q.2** | Enlisting suitable steps, derive the break-even formula. What is the significance of the concept of contribution or contribution margin? | **10** |
| **Q.3** | Enlist the general steps (equations) at calculating the cost per unit of any item (cost sheet proforma). Explain in a sentence or two the meaning or indication of each line item in the equations. Indicate your assumptions clearly. | **10** |
| **Q.4** | Complete the profitability statement in the table given below:   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **Activity Level** | **No. of units** | **Selling price per unit** | **Variable cost per unit** | **Contribution margin per unit** | **Total Fixed Costs** | **Fixed cost per unit** | **Profit / (Loss)** | | 25% |  |  | 3.00 |  |  | 40.00 |  | | 75% | 750 |  |  |  |  |  |  | | 100% |  |  |  | 5.00 |  |  |  | | **10** |
| **Q.5** | With the help of suitable examples, explain the following concepts:   1. Fixed Costs (ii) Variable Costs (iii) Semi Variable Costs | **10** |