



Avinashilingam Institute for Home Science and Higher Education for Women

Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)

Re-accredited with 'A++' Grade by NAAC. CGPA 3.65/4, Category I by UGC

Coimbatore - 641 043, Tamil Nadu, India

Master's Degree Examination - May 2025

IV Semester

Class : II PG

Major : MBA/MBA-Information Technology

Time: 3 Hours

Max. Marks: 100

23MBAC29F/23MBMC29F Specialisation - I.P.IV - Strategic Cost Management

Course Outcomes:

CO1: Understand the strategic fit between cost management and organisation's objectives.

CO2: Design costing systems for the organizations based on their nature to ascertain cost and Value.

CO3: Analyze ways and means of cost control, management and improvement.

CO4: Apply suitable cost allocation techniques for pricing decisions.

CO5: Demonstrate knowledge of contemporary cost management practices.

Part A

10 x 1 = 10

Choose the Correct Answer

1. What is the primary purpose of strategic cost management? CO1K1
 - a. To maximize short-term profits
 - b. To provide financial information to external stakeholders
 - c. To develop a sustainable competitive position
 - d. To reduce costs in the organization
2. Cost reduction refers to _____ CO1K1
 - a. Long term phenomena
 - b. It challenges the standards
 - c. It is carried out without compromising the quality
 - d. All the above
3. Life cycle costing can be used as CO2K1
 - a. Planning tool
 - b. Control tool
 - c. Forecasting tool
 - d. All the above
4. What is target costing? CO2K1
 - a. A method of reducing costs by 10% each year
 - b. A method of setting a target cost for a product or service
 - c. A method of increasing prices to maximize profits
 - d. A method of reducing quality to reduce costs
5. Why is transfer pricing important? CO3K1
 - a. To determine the profit earned by a company
 - b. To determine the cost of producing goods or services
 - c. To allocate profits and losses among related parties
 - d. To avoid double taxation
6. What is the primary goal of Kaizen costing? CO3K1
 - a. To maximize profits
 - b. To minimize costs
 - c. To improve product quality
 - d. To continuously improve costs and processes

7. What are the key components of an ABC/M system? CO4K1
- a. Activities, costs, and products b. Activities, drivers, and costs
c. Products, costs, and customers d. Customers, costs, and competitors
8. What is a cost center in Responsibility Accounting? CO4K1
- a. A department or function that incurs costs but does not generate revenues
b. A department or function that generates revenues but does not incur costs
c. A department or function that incurs costs and generates revenues
d. A department or function that is responsible for investing funds
9. What is the primary benefit of using a Balanced Scorecard? CO5K1
- a. Improved financial performance b. Increased customer satisfaction
c. Enhanced strategic decision-making d. Reduced costs
10. Which of the following is a benefit of BPE? CO5K1
- a. Reduced cycle time b. Improved product quality
c. Increased customer satisfaction d. All the above

Part B

5 x 6 = 30

Answer ALL questions

Each answer should not exceed 400 words or two pages

- 11.a. Enumerate the role of cost management in achieving strategic objectives. CO1K2
(or)
- 11.b. Identify the common cost reduction techniques. Explain. CO1K2
- 12.a. Summarize the key factors that influence the success of backflush costing. CO2K2
(or)
- 12.b. Discuss the role of committed costing in strategic cost management. Explain. CO2K2
- 13.a. Examine the challenges of implementing transfer pricing regulations in developing countries. Explain. CO3K3
(or)
- 13.b. Discuss the steps involved in implementing Kaizen costing. Explain. CO3K3
- 14.a. Analyze the stages involved in implementing Activity-Based Costing. CO4K3
(or)
- 14.b. What is responsibility accounting? Explain its significance in management accounting. CO4K3
- 15.a. Evaluate the benefits of implementing Lean Accounting in an organization. CO5K3
(or)
- 15.b. Summarize the benefits of JIT manufacturing in an organization. CO5K3

Part C

5 x 12 = 60

Answer ALL questions

Question No 20. Case is Compulsory

Each answer should not exceed 800 words or four pages

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|-------------------------------------------------------------------------------------------|-------|
| 16.a. Examine the role of strategic cost management in strategic positioning. | CO1K3 |
| (or) | |
| 16.b. Enumerate various methods of Cost Reduction. | CO1K3 |
| 17.a. Interpret various stages of a product life cycle and their impact on cost behavior. | CO2K4 |
| (or) | |
| 17.b. Illustrate the relevance in decision-making of sunk cost and absorbed cost. | CO2K4 |
| 18.a. Examine the advantages and disadvantages of Negotiated pricing. | CO3K4 |
| (or) | |
| 18.b. Interpret the challenges of Kaizen costing. | CO3K4 |
| 19.a. Analyze the advantages of responsibility accounting. | CO4K5 |
| (or) | |
| 19.b. Compare Traditional costing and Ability Based Costing. | CO4K5 |
| 20. Case Study (Compulsory Questions): | CO2K5 |

A consumer electronics company, TechNova, launched a new smart speaker. To manage costs effectively, the company applied Product Life Cycle Costing (PLCC) at each stage:

- **Development Stage:** High R&D costs of \$5 million.
- **Introduction Stage:** Marketing and distribution costs of \$3 million.
- **Growth Stage:** Increased production efficiency reduced per-unit costs.
- **Maturity Stage:** Sales peaked, but price competition reduced profit margins.
- **Decline Stage:** The product was phased out, with disposal and clearance costs

Questions:

1. What is the significance of Product Life Cycle Costing in pricing strategy?
2. How can TechNova reduce costs during the Introduction stage?
3. What financial risks does TechNova face in the Growth stage?
4. What strategies can TechNova use to extend the Maturity stage?
