FirstRanker.com
Firstranker's choice
www.FirstRanker.com www.FirstRanker.com

Seat No.: ________ Enrolment No.___________

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER 2 – EXAMINATION – WINTER 2018

Subject Code:2820001 **Date:24/12/2018**

Subject Name: Cost and Management Accounting

Time:02:30 AM To 05:30 PM **Total Marks: 70**

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q.1(a) Multi choice Questions: **6**

1. ______is tool to determine the cost of products or service.
   A. *Cost* B. Cost Accounting
   C. Costing D. Cost Accountancy
2. According to decision needs of the management, what changes?
   A. Cost object B. Cost statement
   C. Cost Account D Cost Accounting
3. Which costing method is part of specific order costing?
   A. Contract Costing B. By- Product Costing
   C. Service Costing D. Joint Costing
4. If P/V Ratio of any company is increasing, it indicates?
   A. Variable cost is decreasing B. Sales Price per unit is increasing
   C. Sales is increasing D. All of the above
5. The value of a befit sacrificed in favour of an alternative course of action is called?
   A. Marginal Cost B. Incremental Cost
   C. Direct Cost D. Opportunity Cost
6. Patient-Day is final cost unit for ?
   A. Operation Costing B. Operating Costing
   C. Single Costing D. Contract Costing

Q.1 (b) Explain the terms: **04**
1. Cost Unit
2. Abnormal Gain
3. Joint Product
4. PV Ratio

Q.1 (c) Describe the difficulties in installing the costing system. **04**

Q.2 (a) Explain the format of Motor Transport costing. **07**

www.FirstRanker.com

www.FirstRanker.com

FirstRanker.com
Firstranker's choice

(b) ABC ltd. furnished the below details related to activities: **07**

Activity	Cost Driver	Capacity	Cost
Power	KWH	50,000 KWH	Rs.2,00,0000
Quality	No. of Inspections	10,0000 Inspections	Rs. 3,00,000

Company manufactures three products A, B and C. Following shows the consumption details:

Product	KWH	Quality
A	10,000	3500
B	20,000	2500
C	15,000	3000

1. Compute the cost allocated to each product from each activity.
2.Calculate the cost of unused capacity for each activity.

OR

(b) A Truck starts with a load of 10 tons of goods from station P. It unloads 4 tons at station Q and rest of the goods at station R. it reaches back directly to station P after getting reloaded with 8 tons of goods at station R. The distances between P to Q, Q to R, and then R to P are 40 Kms, 60 Kms, and 80 Kms respectively. Compute absolute Ton Kms and Commercial Ton Kms. **07**

Q.3 **(a)** Explain the assumptions in Break even Analysis. **07**

(b) Find out below Material Variances for Zero Ltd. from the information: **07**

1. Material Cost variance
2. Material Price variance
3. Material Mix variance

MATERIALS	Standard Qty.	Actual Qty.
A	60 kg at Rs. 5per kg	70 kg. at Rs. 5 per kg
B	50 kg at Rs. 6 per kg.	40 kg at Rs. 6.20 per kg
	110 kg	110 kg

www.FirstRanker.com

OR

Q.3 **(a)** Who is Cost Auditor ? Explain the powers and duties of cost auditor **07**

(b) Work Out the estimated pre-separation costs per ton of By- Products Y and Z from the following data: Costs of Manufacture before Separation: Rs. 2560000. Main Product is X. There are two By- Products Y and Z whose normal selling prices are as under: **07**

Sales Price of Y : Rs. 500 per ton
Sales Price of Z : Rs. 800 per ton

Selling and Distribution expenses have been estimated to be 25% of selling Price and the Net profit is expected to be 10% of selling price. Costs to manufacture each ton after separation from the main product are: Rs. 95 for by- product Y, Rs. 145 for by- product Z. Assume equal weighting for Y and Z.

Q.4 **(a)** Explain various types of Overhead with examples. **07**

FirstRanker.com
Firstranker's choice
(b) A Company had incurred fixed expenses of Rs.2,25,000 with sales of Rs.7,50,000 and earned a profit of Rs. 1,50,000 during the first half -year. In the second half year, it suffered a loss of Rs. 75,000. Calculate for the first half year: **07**
www.FirstRanker.com www.FirstRanker.com
1. Profit- Volume Ratio
2. Break even point
3. Margin of safety

OR

Q.4 (a) Differentiate Cost Accounting and Financial Accounting in detail. **07**

(b) Thugs Ltd. **07**

Estimated Sales:

Month	**Units**
Jan	6000
Feb	7200
Mar	8400
Apr	9600
May	7200
June	8400

At the end of every month value of closing stock are calculated as 1/3rd of the estimated sales for next 2 months. **Prepare Production Budget**. **(January-April)**

Q.5 Badhaai Ho Ltd. **14**

The Output of each processes is transferred to the next process at cost on completion. The stocks which consists of Raw Materials are valued at cost per unit of the preceding process. Prepare Process Cost Account Showing the Cost of output and Cost per unit at each stage of Manufacture.

Particulars	Process A (Rs.)	Process B (Rs.)	Process C (Rs.)
Direct Wages	12800	24000	58500
Machine Expenses	7200	6000	7200
Factory Exp.	4000	4500	4800
Raw Material Consumed	48000 units	*** Units	*** Units
Production (Gross)	74000	***	***
Wastage	2000	3000	1000
Op. Stock (Raw Material)	***	8000	33000
Cl. Stock (Raw Material)	***	2000	11000

www.FirstRanker.com

OR

www.FirstRanker.com

FirstRanker.com
Firstranker's choice
www.FirstRanker.com
www.FirstRanker.com

Q.5 Andhadhoon Ltd. manufactures and sells a special type of product K. Presently, the company manufactures 8000 unit, which is 80% of capacity. Present cost structures per unit of product K is below: 14

Direct Materials	Rs. 200
Direct Labour	Rs. 150
Factory Overhead	Rs. 120 (50% Fixed)
Selling Overhead	Rs. 80 (50% Fixed)

The Company estimates to produce the same number of units of the product during the following year and anticipates that fixed cost will go up by 10% while the rates of direct materials and direct labour will increase by 8% and 6% respectively. The company has no intention to increaser its present sales prices of Rs. 580 per unit. Under these circumstances, company obtained and offer to supply 1000 units of the product to a special customer.
Calculate the Minimum Sales Price per unit of an additional order of 1000 units to be quoted to customer if the company desires to earn an overall profit of Rs. 2,50,000.

****

www.FirstRanker.com

www.FirstRanker.com