Seat No.: ________ Enrolment No.

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA (AM) SEMESTER 09 - EXAMINATION – SUMMER-2018

Subject Code: 4190513 **Date: 02/05/2018**

Subject Name: Cost and Management Account

Time: 2:30 PM To 5:30 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) Define costing & discuss the methods of costing used in cost accounting? **07**

Q.1(B) "Management Accounting serves not only as a tool in management but also provide techniques of evaluating performance of management."-Comment. **07**

Q.2(A) Distinguish between Cost accounting & Management accounting. **07**

Q.2(B) Following information is available for Geet Ltd.

	Sales(Rs.)	Profit (Rs.)
Period I	1,50,000	4,000
Period II	1,90,000	12,000

Calculate BEP, Fixed Cost, PV Ratio & MOS. **07**

OR

Q.2 (B) What are the components of total cost shown in cost-sheet? Give the uses of the cost-sheet. **07**

Q.3(A) What is 'Cost driver'? What is the role of cost driver in tracing cost of product? **07**

Q.3 (B) A product is manufactured by passing through three processes A,B and C. In process C a by- Product is also produced which is then transferred to process D where it is completed. For the first week in January, the actual data included.

Particular	**Process-A**	**Process-B**	**Process-C**	**Process-D**
Normal loss of input (%)	5	10	5	10
Scrap value (Rs. Per unit)	1.50	2.00	4.00	2.00
Estimated sales value of by-product (Rs. Per unit)	--	--	8.00	--
Output (Unit)	5,760	5,100	4,370	--
Output of by-product (Units)	--	--	510	450
Direct material (6000 Units) in Rs.	12,000	--	--	--
Direct material added in process (in Rs.)	5,000	9,000	4,000	220
Direct wages (in Rs)	4,000	6,000	2,000	200
Direct expenses(in Rs.)	800	1,680	2,260	151

Budgeted production overhead (based on direct wages) for the week is Rs.30,500.
Budgeted direct wages for the week is Rs. 12,200.
You are required to prepare:
(i) Accounts for processes A,B,C and D.
(ii) Abnormal loss and abnormal gain accounts. **07**

OR

Q.3(A) Distinguish between Joint & By product . **07**

Q.3(B) The under data is supplied by Thomas travel services, From the following information calculate fare for passenger KM.

The cost of the Bus	Rs. 4,50,000
Insurance charges	3 % p.a.
Annual tax	Rs. 4,500
Garage rent	Rs. 500 p.m.
Annual repairs	Rs. 4,800
Expected life of the bus	5 yrs
Value of scrap at the end of 5 years	Rs. 30,000
Route distance	20 km long
Driver's salary	Rs. 550 p.m.
Conductor's salary	Rs. 550 p.m.
Commission to Driver & Conductor (shared equally)	10% of the takings
Stationery	Rs. 250 p.m.
Manager-cum-accountant's salary	Rs. 1750 p.m.
Diesel and oil (for 100 kms)	125

The bus will make 3 rounds trips for carrying on the average 40 passenger's in each trip. Assume 15% profit on takings. The bus will work on the average 25 days in a month. **07**

Q.4(A) Explain ABC analysis & EOQ techniques of inventory control. **07**

Q.4(B) The Queen manufacturing company processed production through two departments (i) Machining and (ii) Finishing.

Overhead rates are predetermined on the basis of machine hours in the machine department and the direct labour wages in the finishing department.

The figures for 2016-17 based on which the overhead rates were arrived at are furnished as below.

Particular	Machining Deptt (Rs)	Finishing Deptt(Rs)
Direct labour-wages	36,00,000	40,00,000
Factory overhead	80,00,000	60,00,000
Direct labour hours	24,00,000	50,00,000
Machine hours	20,00,000	5,00,000

The Cost Sheet for Job Order No.1748 indicates the following:

Particular	Machining Deptt	Finishing Deptt
Material consumed	Rs. 50	Rs. 7
Direct labour wages	Rs. 45	Rs. 40
Direct labour hours	24	35
Machine hours	15	5

Assuming that the production order No. 1748 consisted of 10 numbers of part No. P-1865, prepare a Job cost sheet showing the unit cost of the part. **07**

OR

Q.4(A) What is BEP & MOS analysis? How MOS can be improved? Describe with formula**. 07**

Q.4(B) A product is sold at a price of Rs. 120 per unit and its variable cost is Rs. 80 per unit. The fixed expenses of the business are Rs. 8,000per year. Calculate (i) BEP in Rs. & units, (ii) profits made when sales are 240 units, (iii) Sales to be made to earn a net profit of Rs. 5,000 for the year. **07**

Q.5(A) Explain in brief 'Normal' & 'Abnormal' loss of Process costing. **07**

Q.5(B) Following information is available from the records of Ajay Ltd for the year end 31st march 2017. (Rs. In lakhs)

Fixed Expenses

Wages and salaries	9.5
Rent,rates and taxes	6.6
Depreciation	7.4
Sundry administrative expenses	6.5

Semi-Variable Expenses
(At 50% of capacity)

Maintenance & Repairs	3.5
Indirect labour	7.9
Sales department salaries	3.8
Sundry administrative expenses	2.8

Variable Expenses
(At 50% of capacity)

Materials	21.7
Labour	20.4
Other Expenses	7.9

Assuming that the fixed expenses remain constant for all levels of production , semi-variable expenses remain constant between 45% and 65% of capacity increasing by 10% between 65% and 80% and by 20% between 80 % and 100%.

Sales at various levels are (Rs. In lakhs):

50 % capacity	100
60 % capacity	120
75 % capacity	150
90 % capacity	180
100 % capacity	200

Prepare a flexible budget for the year and forecast the profits at 60%, 75%, 90 % and 100 % of capacity. **07**

OR

Q.5(A) What are Cost Accounting standards? How these standard are applicable in Cost Accounting? **07**

Q.5(B) The standard material input required for 1,000 kgs. Of a finished product are given below.

Material	Quantity (Kgs)	St. Rate per Kg. (Rs.)
P	450	20
Q	400	40
R	250	60
Total	1,100	--
Standard loss	100	--
Standard output	1,000	--

Actual production in a period was 20,000 kg. Of finished product for which the actual quantities of material used and the prices paid therefore were as under:

Material	Quantity (Kgs)	Purchase price per Kg. (Rs.)
P	10,000	19
Q	8,500	42
R	4,500	65

Calculate:
(i) Material cost variance;
(ii) Material price variance;
(iii) Material usage variance ; and
(iv) Material yield variance . **07**

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