Seat No.: _______________ *Enrolment No.___________________________*

GUJARAT TECHNOLOGICAL UNIVERSITY
M.B.A. -2 SEMESTER–EXAMINATION – WINTER 2015

Subject code: 820001 **Date: 30/12/2015**
Subject Name: COST AND MANAGEMENT ACCOUNTING (CMA)
Time: 02.30 PM 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.
4. Working notes is a part of your answers.

Q.1 (a) Differentiate between Cost and Management Accounting. **(7)**

Q.1 (b) The Ajanata Chemical Company supplies you material and following is the cost record: **(7)**

Particulars	Rs.
Stock of raw material on 1st September, 2014	72,800
Stock of raw material on 30th September, 2014	78000
Direct Wages	5,16,880
Sales	15,39,200
Works overhead charges	1,29,220
Office overhead expense	70,141
Stock of finished goods on 1st September, 2014	33280
Stock of finished goods on 30th September, 2014	35360

Prepare a Cost Sheet giving the maximum possible break-up of cost and profit.

Q.2 (a) Write a note on classification of overheads. **(7)**

Q.2 (b) Star Company, manufacturing two products, furnishes the following data for two products: **(7)**

Products	Annual Output (units)	Total Machine Hours	Total Number of Purchase order	Number of Set-up in the period
A	10000	30000	30	20
B	15000	15000	120	80

The annual overheads are as under:

Particulars	Rs.
Relating to machine activity	4,50,000

Set-up related costs	40,000
Handling related costs	90,000

You are required to calculate the cost per unit of each product A and B on the basis of Activity based costing method.

OR

Q.2 (b) The following direct costs were incurred on Job Nos.111 of HFL Company: **(7)**

Materials	Rs. 200
Wages:	
Dept. A-60 hours @ Rs.1.30 per hr.	
Dept. B-20 hours @ Rs. 0.90 per hr.	
Dept. C-10 hours @ Rs.1.20 per hr.	
Overhead for these three department were estimated as follows:	
Dept. A- Rs.1.50 per labour hour	
Dept. B- Rs.2.50 per labour hour	
Dept. C- Rs.2.00 per labour hour	

20% of factory cost is added for general administration and further 10% of the total cost is added for profit. You required to calculate the price to be quoted for the job.

Q. 3 (a) An article has to undergo three different processes before it becomes ready for sale. From the following information, prepare process accounts showing total cost and cost per unit if 200 units of that article were manufactured for the year ended on 31 Dec 2014. **(7)**

	Process 1 (Rs.)	Process 2 (Rs.)	Process 3 (Rs.)
Material	2,000	1,000	750
Labour	1,500	2,500	1,000
Direct Expenses	400	200	300

Total indirect expenses for the period, amount Rs. 6000 in the factory out of which Rs. 2000 is attributable to this article and are to be allocated on the basis of labour for each process. Prepare process account of all processes.

Q.3 (b) What is operating costing? Draw a Specimen cost sheet for Transportation costing. **(7)**

OR

Q.3 (a) From the following data calculate the cost per Kilometers (KMs) of a Vehicle. **(7)**

Value of vehicle	Rs. 25,000/-
Road license for the year	Rs.750/-
Insurance charges per year	Rs.700/-
Garage rent per year	Rs.800/-

Supervision and salaries per year	Rs. 2500/-
Driver's wages per hour	Rs.3/-
Cost of petrol per liter	Rs.3/-
KMs run per litre	20 KMs
Repair and maintenance per KMs	Rs. 1.65
Tyre allocation per KMs	Rs. 0.40
Estimated life (KMs)	100000
Estimated annual mileage (KMs)	15000

You are required to charge interest on cost 5% per annum. The vehicle runs 20 KMs per hour on an average.

Q.3 (b) Explain the difference between Joint and By product. **(7)**

Q.4 (a) The operating statement of a company is as follows: **(7)**

Sales (80,000 units @ Rs. 15): Rs. 12,00,000

Variable cost:

- Material:	2,40,000
- Labor:	3,20,000
- Overheads:	1,60,000
Fixed:	3,20,000
Total Cost:	10,40,000
Profit:	1,60,000

The plant capacity is 1,00,000 units. A customer from USA is desirous of buying 20,000 at a net price of Rs. 10 per unit. Advise the company whether or not the offer should be accepted?

Q.4 (b) What is Marginal Cost? Discuss in detail the importance of marginal costing. **(7)**

OR

Q.4 (a) Write a note on transfer pricing and various bases of transfer prices. **(7)**

Q.4 (b) XYZ company furnishes you the following information for the Year 2010. **(7)**

	First half	Second half
Sales	Rs. 2,00,000	Rs. 3,00,000
Profit earned	Rs. 20,000	Rs. 40,000

From the above you are required to compute the following; assuming that the fixed cost remain the same in both periods:

1. Profit/Volume Ratio (%).
2. Margin of safety.
3. Break Even Point sales.

Q.5 (a) Give a brief note on Flexible Budget and Zero base budgeting. **(7)**

Q.5 (b) Write a short note on following: 1. Standard Costing 2. Variance analysis **(7)**

OR

Q.5 (a) With the following given data for a 50% activity, prepare a budget at 80% and 100% activity: **(7)**

Production at 50% capacity	1000 units
Materials	Rs.120 per unit
Labour	Rs.80 per unit
Expenses	Rs.20 per unit
Factory Expenses	Rs.70,000 (50% Fixed)
Administration Expenses	Rs.50,000 (50% Fixed)

Q.5 (b) From the following data, calculate material related variance. **(7)**

Standard material usage for producing product X is as follows:

40 kg of material A @ Rs. 50 per kg.

60 kg of material B @ Rs. 40 per kg.

Actual material usage for producing product X is as follows:

Material A: 50 kg. @ Rs. 50 per kg.

Material B: 60 kg. @ Rs. 45 per kg.

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