

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA - SEMESTER-II EXAMINATION – WINTER 2020****Subject Code:820001****Date:04/02/2021****Subject Name:Cost and Management Accounting****Time:10:30 AM TO 12.30 PM****Total Marks: 47****Instructions:**

1. Attempt any **THREE** questions from Q1 to Q6.
2. **Q7** is compulsory.
3. Make suitable assumptions wherever necessary.
4. Figures to the right indicate full marks.

Q-1 (A) Define Cost Accounting. Explain the advantages of cost accounting. (06)

Q-1 (B) Explain Classification of Cost by function and nature (06)

Q-2 (A) Explain difference between cost accounting and Financial accounting (06)

Q-2 (B) Sunrise Ltd manufactures two products – Sun and Moon, using the same equipment and similar processes. The following information is extracted from the production department pertaining to the two products for the year ending March 2013: (06)

Particulars	Sun	Moon
Quantity Produced (units)	10,000	15,000
Direct labour hour per unit	2	4
Machine hours per unit	3	1
Number of setups in the period	20	80
Number of orders handles in the period	30	120

Total production overheads recovered for the period has been analyzed as under:

Particulars	Rs.
Relating to machine activity	4,50,000
Relating to production run setups	40,000
Relating to handling of orders	90,000

You are required to calculate the production overheads to be absorbed by each unit of the products using the following costing methods: (I) Traditional costing approach using a direct labour hour rate to absorbed

Overheads; and (II) An ABC approach, using suitable cost drivers to trace overheads to products

Q-3 (A) Explain Normal loss, abnormal loss and abnormal gain with an example of under process costing (06)

Q-3 (B) A product pass through the three product A,B, and C . (06)

The normal wastage of each process is as follows.

Process A – 3 %, Process B- 5 %, Process-8 %

- Wastage of process A was sold at 25 paise per unit

- Wastage of Process B was sold at 50 paise per unit
- Wastage of Process C was sold at Rs.1 per unit

10000 units were issued to process A in the beginning of the October 2014 at a cost of Rs.1 per unit. The other expenses were follows.

Particular	Process A	Process B	Process C
Materials	Rs.1000	Rs.1500	Rs.500
Labour	Rs.5000	Rs.8000	Rs.6500
Direct Expenses	Rs.1050	Rs.1188	Rs.2009
Actual output	9500 units	9100 units	8100 units

Prepare process Accounts A, B and C

Q-4(A) What is operating costing? To what industries is this method of costing applicable? (06)

Q-4 (B) Devilal owns a fleet of taxis and the following information is available From his records. (06)

Particular		Particular	
Number of taxi	10	Salary of mechanics	Rs.400 p.m
Cost of each taxi	.Rs.20,000	Salary of accountant	Rs.500 p.m
Salary of manager	Rs.600 p.m	Garage rent	Rs.600 p.m
Salary of cleaner	Rs.200 p.m	Insurance premium	5% per annum
Annual tax	Rs.600 per taxi	Annual repair	Rs.1000 per taxi
Driver salary	Rs.200 p.m per taxi		

- Total life of a taxi is about 2, 00,000 kms.
- A taxi runs in all 3000 km in a month of which 30% runs it empty.
- Petrol consumptions is one litre for 10 km @ Rs.6.80 per liter .oil and other sundries are Rs.5.00 per 100 kms.Calculate the cost of running taxi per km

Q-5 (A) What is Meaning of Pricing and explain different methods of Pricing. (06)

Q-5 (B) The following information is given (06)

Sales Rs.200000

Variable cost Rs.120000

Fixed Cost Rs.30000

Calculate 1) Break Even Point

- 2) New Break Even point if selling price is reduced by 10%
- 3) New Break Even point if Variable cost increase by 10%
- 4) New Break Even Point if Fixed Cost increase by 10 %

Q-6 (A) Explain difference between Absorption costing and Marginal Costing. (06)

Q-6(B) A Contractor has to supply 10000 papers cones per day to a textile mill. (06)

He finds that when he starts a production run, he can produce 25000 paper cones per day.

The cost of holding a paper cone in a stock for one year is 2 paise and the setting up cost of production run is Rs.18.How frequently Production runs be made?

Q-7(A) Write short note on Standard Costing. (5.5)

Q-7(B) The standard material cost to produce one tone of chemical X is (5.5)

300 Kgs of Material A @ Rs.10 per Kg.
400 Kgs of Material B @ Rs.5 Per Kgs
500 Kgs of Material C @ Rs.6 Per kgs.

During a period 100 tonnes of Chemical X Were Produced from the Usage of the
35 tonnes of Material A at a cost of Rs.9000 per tonne.
42 tonnes of Material B at a cost of Rs.6000 per tonne.
53 tonnes of Material C at a cost of Rs.7000 per tonne.

Calculate Material Variance.

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Q-7 (A) what is CVP Analysis? Explain uses of CVP Analysis and its Limitations. (5.5)

Q-7 (B) Mr.Gopal furnishes the following data relating to the manufacture of a standard product during the month of April 2012. (5.5)

Raw Material Consumed Rs.15000

Direct Labour Charges Rs.9000

Factory overhead Rs.4500

Administrative overhead 20 % on Work cost.

Selling overhead Rs.0.50 per unit

Units Produced 17100 units.

Unit sold 16000 at Rs.4 per unit.

You are required to prepare a cost sheet from the above showing.

- 1) The cost per unit.
- 2) Cost per unit sold and profit for the period.