

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER -II– EXAMINATION – WINTER 2021

Subject Code: 2820001**Date: 15-02-2022****Subject Name: Cost and Management Accounting****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.

- Q.1 (A)** From the four alternative answers given against each of the following cases, indicate the correct answer: (just state A, B, C or D) **06**
1. Which of these is not an objective of Cost Accounting?

(a) Ascertainment of Cost	(b) Determination of Selling Price
(c) Cost Control and Cost reduction	(d) Assisting Shareholders in decision making
 2. Element/s of Cost of a product are:

(a) Material only	(b) Labour only
(c) Expenses only	(d) Material, Labour and expenses
 3. Describe the method of costing to be applied in case of Nursing Home:

(a) Operating Costing	(b) Process Costing
(c) Contract Costing	(d) Job Costing
 4. Total cost of a product: Rs. 10,000, Profit: 25% on Selling Price, Profit is:

(a) Rs. 2,500	(b) Rs. 3,000
(c) Rs. 3,333	(d) Rs. 2,000
 5. Cost of abnormal wastage is:

(a) Charged to the product cost	(b) Charged to the profit & loss account
(c) charged partly to the product and partly profit & loss account	(d) not charged at all.
 6. Allotment of whole item of cost to a cost centre or cost unit is known as:

(a) Cost Apportionment	(b) Cost Allocation
(c) Cost Absorption	(d) Machine hour rate
- (B)** Explain the following terms.(Attempt any 4) **04**
1. Cost Accounting
 2. Direct Labour
 3. Cost Center
 4. Overheads
 5. Margin of Safety
- (C)** Discuss in brief advantages and limitations of marginal costing. **04**
- Q.2 (a)** Write a detailed note on Batch Costing and Economic Batch Quantity. **07**
- (b)** The following data relates to the manufacture of a standard product during the month ended on 31 March, 2013. **07**

Raw materials consumed	Rs. 15,000
Direct Wages	Rs. 9,800
Machine hours worked	2300 hours
Machine hour rate	50 paise per hour
Office on cost	10% of Works cost
Selling on cost	10 paise per unit
Units produced	19,030 units
Units sold	11,418 units
Sales price	Rs. 2 per unit

You are required to prepare a cost sheet in respect of the above showing: (i) Cost per unit and (ii) Profit for the period.

OR

(b) Discuss the various characteristics of Activity Based Costing. 07

Q.3 (a) How do the managers decide whether the cost is a direct cost or indirect cost? Illustrate 07

(b) A Company, manufacturing two products, furnishes the following data for two products: 07

Products	Annual Output (Units)	Total Machine Hours	Total Number of purchase Orders	Total Number of Set-ups
A	5,000	20,000	160	20
B	60,000	1,20,000	384	44

The annual overhead are as under:

Particulars	Rs.
Volume related activity costs	5,50,000
Set-up related costs	8,20,000
Purchase related costs	6,18,000

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.3 (a) Explain Normal Loss, Abnormal Loss and Abnormal Gain with an example under process costing. 07

(b) A product passes through three processes A, B and C. The normal wastage of each process is as follows: Process A-3%, Process B-5% and Process C-8%. Wastage of Process A was sold at 25 paise per unit, that of Process B at 50 paise per unit and that of Process C at Re.1 per unit. 07

10,000 units were issued to Process A in the beginning of October 2012 at a cost of Re.1 per unit. The other expenses were as follows:

Particulars	Process A	Process B	Process C
Sundry Materials	Rs.1,000	Rs.1,500	Rs.500
Labour	Rs.5,000	Rs.8,000	Rs.6,500
Direct Expenses	Rs.1,050	Rs.1,188	Rs.2,009
Actual Output	9,500 units	9,100 units	8,100 units

Prepare the process accounts, assuming that there was no opening or closing stocks.

Q.4 (a) Define the concept of Cost Audit and Management Audit. Also explain the objectives of Cost Audit. 07

(b) From the following details, calculate the cost per mile of Vehicle – X. 07

Particulars	Vehicle - X (Rs.)
Value of vehicle	15,000
Road tax p.a.	500
Insurance charges p.a.	100
Garage rent p.a.	600
Driver's wage p.m.	200
Cost of petrol per litre	0.8
Miles per litre	8
Miscellaneous costs per mile (including tyres and maintenance)	0.2
Estimated life	1,50,000 miles
Estimated annual milage	6,000

OR

- Q.4** (a) Discuss in brief features of operating costing. **07**
(b) XYZ company furnishes you the following information for the Year 2010. **07**

	Sales (Rs.)	Profit (Rs.)
Period I	2,00,000	20,000
Period II	3,00,000	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) Define Flexible Budget. Explain its importance as a budgeting technique and tool of control. **07**
(B) What are the various advantages and disadvantages of budgeting? **07**

OR

- Q.5** (A) Describe the important advantages of Standard costing. **07**
(B) For making 10 kg. of Wimco, the standard material requirement is as follows: **07**

Material	Quantity (kg.)	Rate per kg. (Rs.)
A	8	6.00
B	4	4.00

During April, 100 kg. of Wimco were produced. The actual consumption of materials is as follows:

Material	Quantity (kg.)	Rate per kg. (Rs.)
A	75	7.00
B	50	5.00

Calculate :

- (1) Material Cost Variance
- (2) Material Price Variance
- (3) Material Usage Variance
