

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

Subject Code: 820001**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) Explain in detail the classification of costs according to Variability and Controllability. **07**
- (b) Explain the Difference between Job Costing and Batch Costing **07**
- Q.2** (a) Explain Normal Loss, Abnormal Loss and Abnormal gain with an example under process costing **07**
- (b) Man power ltd. Manufactures two products A and B using the same equipment and same processes. An extract from production data for these product in one period given below: **07**

Particular	Quantity Produced (units)	Direct labour hours per unit	Machine Hours per unit	No of Setups	Orders handled
Product A	10000	2	6	20	30
Product B	14000	4	2	80	120

The details of overheads costs are as follows:

Relating to machine activity Rs.800000

Relating to production run setups Rs.80000

Relating to handling of orders Rs.180000

Calculate the production overheads to be absorbed by one unit of each of the products using ABC approach using suitable cost drivers.

OR

- (b) Write a short note on characteristics and features of operating costing. **07**
- Q.3** (a) “Marginal costing is a valuable technique to the management “Critically evaluate. **07**
- (b) Ramanujan & Company furnishes the following data relating to the manufacture of product during the month of Dec 2021. **07**
- Raw material consumed Rs. 18000
 Direct labour charges Rs. 9000
 Machine hours worked 900
 Machine hour rate Rs. 4
 Administrative overheads 20% on work cost
 Selling overheads Rs. 0.50 per unit
 Units produced 17100
 Units sold 16000 @ Rs. 4 per unit
- You are required to prepare Cost-sheet & Calculate cost per unit.

OR

- Q.3 (a)** What do you understand by CVP Analysis? How CVP analysis is useful for the management? **07**
- (b)** What do you understand by budgeting? What are the various advantages and disadvantages of budgeting? **07**
- Q.4 (a)** Compare & Contrast : Cost Reduction & Cost Control **07**
- (b)** ABC Ltd.'s one of the department attains a sale of Rs 5,00,000 at 80% of its normal capacity and its expenses are given below: **07**

Administrative Expenses	Rs.	Selling Costs	Rs.
Office Salaries	80000	Salaries	8% of Sales
General Expenses	2% of Sales	Travelling Expenses	2% of Sales
Depreciation	7500	Sales office Expenses	1% of Sales
Rates and Taxes	8750	General Expenses	1% of Sales

The distribution costs are: Wages- Rs 20,000; Rent – 2% of sales; and other expenses – 5% of sales.

Draw a flexible budget operating at 90%, 100%, and 110% of normal capacity.

OR

- Q.4 (a)** Explain the following variances: (i) Material Price Variance (ii) Labour Mix Variance (iii) Labour Ideal Time Variance (iv) Capacity Variance. **07**
- (b)** The details regarding composition and the weekly wage rate of labour force engaged on a job scheduled to be completed in 30 weeks are as follows: **07**

Category of Workers	Standard		Actual	
	No of Labours	Weekly wage rate	No of Labours	Weekly wage rate
Skilled	75	60	70	70
Semi-skilled	45	40	30	50
Unskilled	60	30	80	20

The work is actually completed in 30 weeks. Calculate various Labour cost variances.

- Q.5** Manan Ltd. Provided the following data relating to process X in its plant for the month of December, 2021. **14**
- Opening WIP: 500 units
Cost of Opening WIP: Material- Rs. 4800, Labour- Rs. 3200 and Overheads- Rs. 6400
Units introduced during the month- 19500
Processing cost incurred during the month: Material- Rs. 186200, Labour- Rs. 72000 and Overheads- Rs. 106400
Output: Units transferred to Process B: 18200
Closing WIP: 400 [Degree of completion: Material-100%, Labour and overhead- 50%]
Normal loss is 5% of total input and normal scrapped units fetch Rs. 1 each.
Prepare the following statements.
- (a.) 1. Statement of Equivalent Production
2. Statement of Cost
- (b). 1.Statement of Evaluation
2.Process A Account

OR

Q.5

Kerav ltd. has an annual production of 100000 units for a motor component. The component's cost structure is as follows: **14**

Particulars	Cost Per Unit (Rs.)
Material	270 per unit
Labour (25% fixed)	180 per unit
Expenses:	
Variable	90 per unit
Fixed	150 per unit
Total	690r unit

- (a) The purchase manager has an offer from supplier who is willing to supply the component at Rs. 540. Should the component be purchased and production stopped? Assume the resource now used for this component's manufacture are to be used to produce another new product for which the selling price is Rs. 485.
- (b) In the latter case, the material price will be Rs. 200 per unit. 100000 units of this product can be produced on the same cost basis as above for labour and expenses. Discuss whether it would be advisable to divert the resources to manufacture the new product, on the footing that the component presently being produced would, instead of being produced, be purchased from the market.
