

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA-SEMESTER-II-EXAMINATION-WINTER-2024

Subject Code: 1529502

Date: 10/01/2025

Subject Name: Management Accounting and Costing

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. Use of simple calculators and non-programmable scientific calculators are permitted.

Q. 1 Explain the terms:

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- a. Joint product
- b. Fixed Cost
- c. Contribution
- d. Budgetary control
- e. Cost Center
- f. Overhead Variance
- g. Process Costing

Q. 2 (a) Write a short-note on Classification of Cost.

7

Q.2 (b) State the Difference between Cost Accounting and Management Accounting.

7

OR

Q. 2 (b) 'Costing system has become an essential tool in the hands of management.' Comment. 7

Q. 3 (a) Write a short note on Economic Order Quantity.

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Q. 3 (b) Patel Brothers has the following inventory, purchases and sales data for Aug-2023

- Opening inventory on 01-Aug 500 units @ Rs. 5
- Purchased on 05-Aug 600 units @ Rs. 6
- Purchased 11-Aug 400 units @ Rs. 7
- Purchased on 23-Aug 400 units @ Rs. 8
- Purchased on 25-Aug 500 units @ Rs. 9
- Issued on 09-Aug 400 units
- Issued on 18-Aug 500 units
- Issued on 20-Aug 400 units
- Issued on 28-Aug 500 units

Apply Weighted Average Method of Inventory Valuation to compute the value of closing inventory and prepare the stock register

7

OR

Q. 3 (a) How would you deal with by-products in costing?

- (i) Where they are of small value
- (ii) Where they require further processing

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Q. 3 (b) The following information is given in respect of Process 1.

Material	= 1000 kgs @ Rs. 6 per kg.
Labour	= Rs. 5000
Direct expenses	= Rs. 1000
Indirect expenses	= Rs. 1000
Normal wastage	= 10% of input

Prepare the Process 1 A/C when:

- Scrap value of normal loss in nil
- Scrap arising out of the normal loss has a sale value of Re. 1 per unit 7

Q. 4 (a) What is Marginal costing? Explain CVP analysis and its relevance. 7

Q. 4 (b) The standard output of “Pi” is 25 units per hour in a manufacturing department of a company employing 100 workers. The standard wage rate per labour hour is Rs. 6.

In a 42 hours week, the department produced 1040 units of “Pi” despite 5% of the time paid was lost due to abnormal reason. The hourly rate actually paid were Rs. 6.20, Rs. 6 and Rs. 5.70 respectively to 10, 30 and 60 workers.

Compute relevant variances. 7

OR

Q. 4 (a) Write a short-note on Kaizen Costing. 7

Q. 4 (b) The following data is given:

Selling price	Rs. 20/ unit
Variable manufacturing cost	Rs. 11/ unit
Variable selling costs	Rs. 3/ unit
Fixed factory overhead	5,40,000/ year
Fixed selling costs	2,52,000/year

You are required to compute:

- Break-even point expressed in amount of sales in rupees
- No. of units that must be sold to earn a profit of Rs. 60,000 per year.
- How many units must be sold to earn a net income of 10% of sale? 7

Q. 5 The following data relate to XYZ Ltd:

The financial Manager has made the following sales forecasts for the first five months of the coming year, commencing from 1st April 2022:

Month	Sales
April	40,000
May	45,000
June	55,000
July	60,000
August	50,000

Other information:

1. Debtors' and creditors' balance at the beginning of the year are ₹30,000 and ₹14,000 respectively. The balance of the other relevant assets and liabilities are:
Cash ₹7500
Stock ₹51,000
Accrued sales commission ₹3500
2. 40% sales are on cash basis. Credit sales are collected in the month following the sale.
3. Cost of sales in 60% on sales
4. The only other variable cost is a 5% commission to sales agents. The sales commission is paid in a month after it is earned
5. Inventory is kept equal to sales requirements for the next two-month budgeted sales.
6. Trade creditors are paid in the following month after purchases
7. Fixed costs are ₹5000 per month including ₹2000 depreciation

You are required to prepare a cash budget for the months of April, May and June 2022 respectively.

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OR

Q. 5 (a) The following details is available for a commodity of M/s Sharma Enterprises for the half year ended 30th June 2023.

Particulars	Amount (Rs.)
Purchase of raw materials	1,32,000
Direct wages	1,10,000
Rent, rates, insurance and works on cost	44,000
Carriage inwards	1584
Stock on 1 st January, 2023	
Raw Materials	22,000
Finished products (1600 tons)	17,600
Stock on 30 th June 2023	
Raw Materials	24,464
Finished products (3200 tons)	-
Work in progress as on 1 st January 2023	5280
Work in progress as on 30 th June 2023	17,600
Cost of factory supervision	8800
Sales of finished products	3,30,000

Advertising, discount allowed and selling cost 75 paise per ton sold. 25,600 tons of commodity was produced during the period.

You are required to prepare a cost sheet showing the cost and profit.

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Q. 5 (b) What is unit costing? In what industries is it used?

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