

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA - SEMESTER – II EXAMINATION – SUMMER -2015

Subject Code: 820001

Date: 14/05/2015

Subject Name: Cost and Management Accounting (CMA)

Time: 10.30 am to 01.30 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 the importance of Cost Accounting.	07
	(b)	Define the concept of Direct Cost and Indirect Cost with suitable example.	07
Q.2	(a)	Compute the comprehensive machine hour rate from the following data: a) Total machine cost to be depreciated Rs. 2,30,000 b) Life 10 years c) Depreciation on straight line d) Departmental overheads (annual) - Rent Rs. 50,000 - Hitting Rs. 20,000 - Lighting Rs. 1,30,000 e) Departmental area 70,000 sq. ft. Machine area 2500 sq. ft. f) There are 26 machines in the department g) Annual cost of reserve equipment Rs. 1,500 for the machine h) Hours run on production 1,800 i) Hours for setting and adjusting 200 j) Power cost Re 0.50 per hour for running machine k) Labour - When setting and adjusting – Full time attention - When machine is producing, one man looks after three machines l) Labour rate Rs 6.00 per hour	07
	(b)	What do you mean by Overheads? Briefly explain how are the overheads classified?	07

		OR											
	(b)	What do you understand by Unit Costing? What is the procedure of unit costing?	07										
Q.3	(a)	Write short note on Target Costing and Life Cycle Costing.	07										
	(b)	<p>The information given as under relates to Job No. B777. Some selected sales and cost data are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Particulars</th> <th style="width: 40%;">Amount in Rs.</th> </tr> </thead> <tbody> <tr> <td>Direct materials</td> <td style="text-align: right;">4,00,000</td> </tr> <tr> <td>Direct labour</td> <td style="text-align: right;">5,00,000</td> </tr> <tr> <td>Factory overhead (all indirect, 50 per cent variable)</td> <td style="text-align: right;">3,00,000</td> </tr> <tr> <td>Selling and admin. expenses (50 per cent direct, 70 per cent variable)</td> <td style="text-align: right;">1,00,000</td> </tr> </tbody> </table> <p>Compute: (a) Prime cost, (b) Conversion cost (c) Direct cost (d) Indirect cost (e) Product cost (f) Period expense (g) Variable cost</p>	Particulars	Amount in Rs.	Direct materials	4,00,000	Direct labour	5,00,000	Factory overhead (all indirect, 50 per cent variable)	3,00,000	Selling and admin. expenses (50 per cent direct, 70 per cent variable)	1,00,000	07
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Q.3	(a)	What are the advantages of the Job Costing? Differentiate between Job Costing and Batch Costing.	07										
	(b)	Write a note on importance of Cost Audit.	07										
Q.4	(a)	<p>The cost records of Arvind Spintex Limited shows the following expenses of manufacturing 200 units of product X in a process:</p> <table border="1" style="width: 50%; margin: 10px auto; border-collapse: collapse;"> <tbody> <tr> <td style="width: 50%;">Material</td> <td style="width: 50%; text-align: right;">Rs. 4,000</td> </tr> <tr> <td>Labour</td> <td style="text-align: right;">Rs. 1,500</td> </tr> <tr> <td>Overheads</td> <td style="text-align: right;">Rs. 500</td> </tr> </tbody> </table> <p>The standard normal wastage in production is 10% and it can be sold in the market at Rs. 15 per unit. The actual production is 150 units which is attributable to gross carelessness of the workers.</p> <p>Show the treatment of Wastage in the process A/c and prepare the Abnormal Wastage A/c.</p>	Material	Rs. 4,000	Labour	Rs. 1,500	Overheads	Rs. 500	07				
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	(b)	Define the concept of Joint Products and By-products. Discuss the accounting methods applicable to By-products.	07										
		OR											

Q.4	(a)	Explain any two Cost Accounting Standards practiced in India.	07												
	(b)	The joint cost of making 50 units of Product A, 100 units of Product B, and 150 units of Product C is Rs. 900. The selling prices of products A, B and C are Rs. 2, Rs. 3 and Rs. 4 respectively. The product did not require any further processing costs after the split-off points. You are required to apportion the joint cost: (a) On sales price basis. (b) On sales value basis.	07												
Q.5	(a)	How do companies price products using the Cost Plus Approach? Also outline merits and demerits of Cost Plus Pricing Approach.	07												
	(b)	What do you understand by Cost-Volume-Profit (CVP) Analysis? How CVP analysis is useful for the Management Decision Making?	07												
OR															
Q.5	(a)	Calculate (1) Material Price Variance (2) Labour Efficiency Variance (3) Labour Cost Variance from the following information and give suitable comments.	07												
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>Standard</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>Material wages</td> <td>400 kgs @ Rs 2 per kg.</td> <td>420 kgs @ Rs 2.1 per kg.</td> </tr> <tr> <td>(a) Trained labour</td> <td>80 hours @ Rs 1.5 per hour</td> <td>70 hours @ Rs 1.5 per hour</td> </tr> <tr> <td>(b) Untrained labour</td> <td>600 hours @ Re 0.90 per hour</td> <td>620 hours @ Re 0.90 per hour</td> </tr> </tbody> </table>	Particulars	Standard	Actual	Material wages	400 kgs @ Rs 2 per kg.	420 kgs @ Rs 2.1 per kg.	(a) Trained labour	80 hours @ Rs 1.5 per hour	70 hours @ Rs 1.5 per hour	(b) Untrained labour	600 hours @ Re 0.90 per hour	620 hours @ Re 0.90 per hour	
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	(b)	Distinguish between Budgetary Control and Standard Costing.	07												
