

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY

M.B.A. Sem-II Examination May 2011

Subject code: 820001

Subject Name: Cost and Management Accounting

Date: 20/05/2011

Time: 10.30 am – 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) How do you differentiate cost accounting from management accounting? **07**
(b) Explain the terms cost tracing, cost allocation and cost apportionment with suitable examples? **07**

- Q.2** (a) Apollo Community Hospital has fire laboratory technicians responsible for doing a series of standards below tests. Each technicians is paid a salary of Rs. 30,000/- and is capable of processing 4000 tests per year. The management which would cost Rs. 3, 00,000/- to build. It is expected to last 20 years. Equipment used for the testing cost is estimated at Rs. 10,000/- and it has a life expectancy of 5 years. Both the facility and the equipment are depreciated on a straight – line basis. In addition to the salaries, facility and equipment, Apollo expects to spend Rs. 2,00,000/- for chemicals, forms, power and other supplies assuming 20000 tests are processed, During the year, 16000 blood tests were run. **07**
(1) Classify the resources associated with the blood – testing activity into one of the following types: (a) Committed resources and (b) Flexible resources.
(2) Calculate the activity rate into fixed and variable components.
(3) Calculate the total cost of resources supplied, and break this into the cost of activity used and the cost of unused activity

- (b) How would you allocate cost in activity – based costing? Illustrate your answer with imaginary figures? **07**

OR

- (b) What do you understand by job order Costing? Under what conditions, it is Suitable? **07**
How batch costing is different from it?

- Q.3** (a) Explain features of process costing. Name the industries where process costing can be applied. Give three different between process & Job costing? **07**
(b) From the following data calculate the cost per Km of a Vehicle? **07**

Value of vehicle	Rs. 15,000/-
Road license for the year	Rs.500/-
Insurance charges per year	Rs.100/-
Garage rent per year	Rs.600/-
Driver's wages per month	Rs.2000/-
Cost of petrol per liter	Rs.0.80/-
Proportional charges for tyre and maintenance per KM	Rs.0.02/-
Estimated life (KMs)	150000
Estimated annual mileage (KMs)	6000
Petrol consumption (Kms / liters)	8

OR

- Q.3 (a)** What is operating costing? Draw a Specimen cost sheet for canteen costing? **07**
(b) Define by products and joint products, what are the distinctions between them? **07**
Give Examples.

- Q.4 (a)** The following figures are available for the records of venues enterprise as on 31 March. **07**

	2009	2010
	Rs lakhs	Rs.lakhs
Sales	150	200
Profit	30	50

Calculate:

- a) The P/V ratio and total fixed Expenses.
b) The Break – Even level of Sales.
c) Sales required to earn a profit of Rs. 90 lakhs

- (b)** Explain the various steps involved in the decision – making process? **07**

OR

- Q.4 (a)** What is CVP analysis / How does it help the management ? **07**

- (b)** Tuksha ltd. Produces and sells industrial containers. Due to competition, the company proposes to reduce the selling price to maintain the present profit level. Indicate the number of units to be sold if the proposed reduction in price is (a) 10% and (b) 15% . the following information is available **07**

Present sales (30000 units)	Rs. 6, 00,000/-
Variable Cost (30000 units)	Rs. 3, 60,000/-
Fixed cost	Rs. 1, 40,000/-

	Rs. 5, 00,000/-

Net Profit	Rs. 1, 00,000

- Q.5 (a)** What do you mean by budgetary control? Mention the necessary features of Budget? **07**
(b) Illustrate, by means of suitable example the significance of variances in standard Costing and discuss the interpretation of such variances? **07**

OR

- Q.5 (a)** Elaborate the cost bifurcation needed for life cycle cost analysis? **07**
(b) What do you understand by cost audit? As a cost auditor of a large organization, describe the procedure you would adopt with regards to labour & material cost? **07**
