## **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.				
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			
	<b>(b)</b>	What do you mean by Overheads? Briefly explain how are the overhead				
		classified?				

(b) What do you understand by Unit Costing? What is the procedure of un costing?  (a) Write short note on Target Costing and Life Cycle Costing.  (b) The information given as under relates to Job No. B777. Some selected sal and cost data are as follows:  Particulars Amount in Rs.  Direct materials 4,00,000  Direct labour 5,00,000  Factory overhead (all indirect, 50 per cent variable)  Selling and admin. expenses 1,00,000  (50 per cent direct, 70 per cent variable)  Compute: (a) Prime cost, (b) Conversion cost (c) Direct cost (d) Indirect cost (e) Product cost (f) Period expense (g) Variable cost  OR  Q.3 (a) What are the advantages of the Job Costing? Differentiate between Job Costing and Batch Costing.  (b) Write a note on importance of Cost Audit.  Q.4 (a) The cost records of Arvind Spintex Limited shows the following expenses manufacturing 200 units of product X in a process:  Material Rs. 4,000  Labour Rs. 1,500  Overheads Rs. 500  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 attributable to gross carelessness of the workers.	
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Show the treatment of Wastage in the process A/c and prepare the Abnorm	_
Wastage A/c.	
(b) Define the concept of Joint Products and By–products. Discuss the accounting	07
methods applicable to By-products.	
OR	

Q.4	(a)	Explain any two Cost Accounting Standards practiced in India.			07		
	<b>(b)</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.					
Q.5	(a)	How do companies price products using the Cost Plus Approach? Also outline					
		merits and demerits of Cost Plus Pricing Approach.					
	<b>(b)</b>	What do you understand by Cost-Volume-Profit (CVP) Analysis? How CVP					
		analysis is useful for the Management Decision Making?					
		OR					
Q.5	Q.5 (a) Calculate (1) Material Price Variance (2) Labour Efficiency Variance (3)				07		
		Cost Variance from the following information and give suitable comments.					
		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	70 hours @ Rs 1.5 per			
			hour	hour			
		(b) Untrained labour	600 hours @ Re 0.90	620 hours @ Re 0.90 per			
			per hour	hour			
	<b>(b)</b>	Distinguish between Budgetary Control and Standard Costing.			07		

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