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GUJARAT TECHNOLOGICAL UNIVERSITY MBA - SEMESTER- II • EXAMINATION – SUMMER 2016

S	ubj	ect Code: 820	001		Date: 25/05/2016	
Տ 1 հ	Subjo Sime nstru	ect Name: Co :10:30 AM T ctions: 1. Attempt all 2. Make suita 3. Figures to	ost and Manage FO 01:30 PN I questions. The assumption the right indica	ement Accounting (A ns wherever necessar nte full marks.	CMA) Total Marks: 70 y.	
Q.1	(a)	Define the term	ns: Cost Accou	nting and Manageme	ent Accounting. "Management 0	17
	(b)	Accounting is Baldha Ltd. Pr Standard Loss of A were p metric tonne at the following i.e. favorable c	an extension of roduces a Chen 40% of Mater 60% of Mater of 10% is expe roduced from to nd 110 metric t material Varian or adverse. i. Materia ii. Materia iii. Materia	ial P at Rs. 4000 Per ial Q at Rs. 4000 Per ial Q at Rs. 6000 Per ected in production. If the use of 90 metric onnes of material Q a nees for the month of al Price Variance al Mixture Variance al Yield Variance al total Cost Variance	of Cost Accounting". Discuss. dard material cost is: 0 Metric Tonne During January 2008, 171 metric tonnes tonnes of material P at Rs. 3,600 per at Rs. 6,800 per metric tonne. Calculate of January 2008 indicating their nature,	7
0.2	(a)	Following deta	ails are available	e:	, ,	
~·-	(4)		Sales	Total Cost		
		PERIOD 1	Rs 39,000	Rs 34,800		
		PERIOD 2	Rs 43,000	Rs 37,600		
		You are requir	ed to determine	:		
		i. Contril	bution of the fir	m		
		ii. Annua	1 Variable and	Fixed Cots		
		iii. Margir	n of Safety as P	ercentage of Sales		
		iv. Break-	Even Sales			
	(b)	Write Short no	otes on:		0	17

- i. Production order
- ii. Job Costing
- iii. Economic Batch Quantity

OR

- (b) Site three Examples where direct expense is not included in the cost of production. 07 Justify why these expenses are not regarded as direct expenses.
- Q.3 (a) The Costs records show the following expenses of manufacturing units of Product 07 X in a process:

Material	Rs 4000
Labour	1500
Overheads	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 is attributable in gross carelessness of the workers.

Show the treatment of wastage in the process A/c and prepare the abnormal wastage A/c.

(b) Enumerate the importance provisions of cost audit (report) rules and describe in what way 07 they are different from financial auditor's report

Q.3 (a) A factory uses job costing. The following cost data is obtained from its books for the year 07 ending 31 December 2012.

Direct Material	Rs 90,000
Direct Wages	75,000
Profit	60,900
Selling and distribution Overheads	52,500
Administration Overheads	42,000
Factory Overheads	45,000

- I. Prepare a job cost sheet indicating the prime cost, work cost, production cost, cost of sale, and the sales value.
- II. In 2013, the factory receives an order for a number of jobs. It is estimated that direct materials cost Rs. 1,20,000 and Labour costs Rs 75,000. What should be the price of these jobs if the factory intends to earn the same rate of profit on sales? Apply works overheads as a percentage of direct wages, and administration and selling and distribution overhead s a percentage of works cost. You can use the rates prevailing in the previous year for this purpose.
- (b) What is CVP Analysis? Explain uses of CVP Analysis and its Limitations.
- Q.4 (a) The Riddhi company Ltd is a manufacturing company having three production 07 Departments X, Y, Z, and two service departments A and B. The following is the budget for the next month:

	Total	Х	Y	Z	А	В
	(Rs)					
Direct		2000	4000	8000	4000	2000
Material						
Direct Wages		10000	4000	16000	2000	4000
Factory Rent	8000					
Power	5000					
Depreciation	2000					
Other	18000					
Overheads						
Area (Sq. ft.)	800	200	100	200	100	200
Horsepower	1.40	0.50	0.40	0.20	0.15	0.25
Machine-	18000	2000	4000	8000	2000	2000
Hour						
Capital Value	20000	4000	8000	4000	2000	2000

Additional Information: A technical assessment of the apportionment of expenses of service departments is as under:

	X (%)	Y (%)	Z (%)	A (%)	B (%)
Service Dept. A	45	15	30	-	10
Service Dept. B	60	35	-	05	-

Required

- I. A Statement showing the distribution of overheads to various departments.
- II. A Statement showing redistribution of services departments expensed to production departments
- III. Machine-hour rates of the production departments X, Y and Z.
- (b) Differentiate ABC and Absorption Costing. What are the benefits of ABC over 07 absorption costing?

OR

Q.4 (a) Elaborate in details necessary features for Zero-base budgeting? How do you think 07 Zero-base budgeting can be implemented? Is it practical to implement in Indian

07

organizations

- (b) What is cost plus pricing? Explain the different methods available for pricing the **07** product for external customers.
- Q.5 (a) Define: Standard Costs. Explain in details advantages of Standard Costing System 07 What are the different bases of classification of Variances?
 - (b) A department attains a sale of Rs 6, 00,000 at 80% of its normal Capacity and its 07 expenses are given below.

Administrative Expenses	Rs	Selling Costs	Rs
Office Salaries	Rs 90,000	Salaries	8% of Sales
General Expenses	2% of Sales	Travelling Expenses	2% of Sales
Depreciation	7,500	Sales office Expenses	1% of Sales
Rates and Taxes	8,750	General Expenses	1% of Sales

The distribution costs are: Wages – Rs 15,000; Rent – 1% of sales; and Other expenses – 4% of Sales.

Draw up a flexible Administration overhead, Selling & Distribution overhead costs budget, operating t 80%, 90%, 100% and 110% at normal capacity.

OR

- Q.5 (a) Explain in detail the Concept of Opportunity Costs. How does it differ from imputed 07 cost?
 - (b) The Following data relate to the manufacture of a standard Product during the four weeks 07 ended 27 March 14.

Raw Materials Consumed	Rs. 15,000
Direct Wages	9,000
Machine Hours Worked	900
Machine Hour Rate	Rs 5
Administrative overhead	20% of Works Cost
Selling Overheads	Re. 0.50 Per Unit
Units Produced	17,100
Units Sold	16000 @ Rs 4 Per Unit

You are

prepare a cost sheet in respect of the above, Showing

- I. Cost per unit.
- II. Profit per Unit Sold and Profit for the Period.

required to