

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**MBA. Winter 2019 – 20 Examination**

**Semester: 2****Subject Code: 06200151****Subject Name: Cost and Management Accounting****Date: 09/12/2019****Time: 10:30 am to 1:00 pm****Marks: 60****Instructions**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

**Q.1 Do as Directed.****A).Multiple choice type questions/Fill in the blanks. (Each of 1 mark)****(05)**

1. Period cost means \_\_\_\_\_
  - a) Fixed Cost
  - b) Variable cost
  - c) Direct Cost
  - d) None of the above.
2. Cost of Drawings, Design and layout is an example of \_\_\_\_\_
  - a) Production cost
  - b) Direct expense
  - c) semi variable cost
  - d) none of the above.
3. The method of unit costing is adopted by \_\_\_\_\_
  - a) Transport industry
  - b) Bicycle Industry
  - c) Mines
  - d) Steel
4. If an item of overhead expenditure is charged specifically to a single department this would be an example of \_\_\_\_\_
  - a) Apportionment
  - b) Allocation
  - c) Re-apportionment
  - d) Absorption
5. The payment made to the following is cost of indirect labour.
  - a) Time keeper
  - b) Welder
  - c) Molder
  - d) Turner

**B).Define the following. (Each of 1 mark)****(05)**

1. Out –of- Pocket Cost
2. Discretionary Cost
3. Imputed Cost
4. Sunk Cost
5. Semi Variable cost

**C).Direct questions. (Each of 1 mark)****(05)**

1. Break Even Point
2. Margin of Safety
3. Abnormal gain
4. Marginal Cost
5. Production Budget

**Q.2 Answer the following questions.**

A).Distinguish between Job and Batch costing. Also give relevant Examples.

(07)

Manufacturing unit supply you the following information for 10000 units manufactured for the month ending on 31st December 2016.

Direct Material	90000 (Rs)
Direct Wages	60000
Power and Consumable stores	12000
Factory Indirect Wages	15000
Lightening of Factory	5500
Factory White Wash Expenses	3000
Management Expenses	33500
Selling & Distribution Expenses	6500
Sale proceed of scrap	2000
Plant Repairs & Maintenance	11500
Units Sold ( Selling Price @ Rs. 35 p.u)	9000

B).

(08)

From 1<sup>st</sup> January 2017 it is estimated that the production will increase by 50% in the current month to meet the increased demand. The new selling price will be 33.5 Rs. Per unit. Rates of material and Wages each will go up by 10% each.

You are required to prepare:

1. Cost Sheet for the month of December 2016.
2. Estimated Cost Sheet for the month January 2017, where all the units produced were sold. Factory overhead are recovered as a percentage of direct wages and office and selling overheads are recovered as a percentage of Factory Cost.

**Q.3 Answer the following questions.**

The two conventional methods of Labour remuneration i.e. Time Rate System and Piece Rate A).system have its own unique features, benefits and limitations. Show one of the methods as from the view point of the workers and union and other from the view point of Employer– Explain

(07)

A Factory manufactures only one product in one quality and size. The owner of the factory states that he has a sound system of finance which can provide him with the necessary data for decision making and does not require a Cost Accounting and a Management Accounting system. State B). your arguments to convince him the need to introduce both the Accounting systems

(08)

**Q.4 Attempt any two questions. (Each of 7.5 mark)****(15)**

Bahubali Ltd is manufacturing three products A, B & C, and selling them in a competitive market. The details of current demand, selling price and cost structure are given as below:

Particulars	A	B	C
Expected Demand (units)	10,000	12,000	20,000
Selling Price per unit	20	16	10
Direct Material (Rs. 10/ kg)	6	4	2
Direct Labour (Rs. 15/ hr)	3	3	1.5
Variable Overhead per unit	2	1	1
Fixed Overhead per unit	5	4	2

**1**

The company is frequently affected by acute scarcity of raw material and high labour turnover. Due to this the company is not able to fulfill the expected market demand. During the next period it is expected that the company have to face one of the following situation:

- 1) Only 12,100 kgs of raw material will be available in the next period.
- 2) Only 5000 labour hours will be available during the next period.

**2** Discuss Fixed Budget and Flexible Budget in detail.**3** Differentiate between Marginal costing and Absorption costing.

Sai Travels owns a bus and operates a tourist service on a daily basis. The bus starts from New City to Rest Village and returns back to New City on the same day. Distance between and Rest Village is 250 kms. This trip operates for 10 days in a month. The bus also plies for another 10 days between New City and Shivapur and returns back to New City the same day, distance between these two places is 200 kms. The Bus makes a local sightseeing trip for 5 days in a month, covering a total distance of 60 kms per day. The following data are given:

Cost of Bus	Rs. 350,000
Depreciation	25%
Driver's Salary	Rs. 1200 p.m.
Conductor's Salary	Rs. 1000 p.m.
Clerk's Salary	Rs. 400 p.m.
Insurance	Rs. 1800 p.a.
Diesel Consumption	4 km per litres @ Rs. 8 litre
Token tax	Rs. 2400 p.a.
Permit Fee	Rs. 1000 p.a.
Lubricant Oil	Rs. 100 for every 200 kms
Repairs & Maintenance	Rs. 1500 p.m.
Normal Capacity	50 persons

**4**

While plying to and from rest village the bus occupies 90% of the capacity and 80% capacity when it plies between New City to Shivapur (both ways). In the city the bus runs at full capacity. Passenger Tax is 20% of the net takings of the firm.

Calculate the rate to be charged to Rest Village and Shivapur from New City, per passenger if the profit required to be earned is 33% of net takings of the firm.