

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
MBA , Winter 2018 - 19 Examination

Semester: 2

Subject Code: 06200151

Subject Name: Cost and Management Accounting

Date: 10/12/2018

Time: 10:30am to 1:00pm

Total 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. direct expenses are termed as _____
 - a) Period cost
 - b) Variable cost
 - c) Prime cost
 - d) Chargeable cost
2. Cost accounting is an information system developed for _____
 - a) Shareholder
 - b) Management
 - c) Government
 - d) Financial Institutions
3. An input of 2500 kg of material introduced into the process and the expected normal loss is 8% and if the actual output from the process is 2150 kgs., the abnormal loss is _____ kg.
 - a) 200
 - b) 150
 - c) 250
 - d) 300
4. An increase in the variable cost will _____
 - a) Reduces contribution
 - b) Increases margin of safety
 - c) Increase in PV ratio
 - d) None of the above
5. Describe the method of costing to be applied in case of Nursing Home _____
 - a) Operating Costing
 - b) Process Costing
 - c) Contract Costing
 - d) Job Costing

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

1. Engineered Cost
2. Sunk Cost
3. Variable Cost
4. Product Cost
5. Imputed cost

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

1. Activity based costing
2. Bin Card
3. Semi Variable cost
4. Marginal Cost
5. Cost Unit

Q.2 Answer the following questions.

A). Discuss Benefits and Limitations of Cost Accounting. (07)

A department of Teak India Company attains sales of Rs. 600000 at 80% of its normal capacity. Its expenses are give below:

Office Salaries Rs. 90000

General Expenses 2% of sales

Depreciation Rs.7500

Rent and Rates Rs.8750

B). Salaries 8% of Sales (08)

Travelling expenses 2% of sales

Sales office expense 1% of sales

General Expenses 1% of sales

Wages Rs. 15000 Rent 1% of sales

Other Expenses 4% of sales

Draw up flexible Administration, selling & Distribution costs budget, operating at 90%, 100% and 110% of normal capacity.

Q.3 Answer the following questions.

A). Differentiate between Job Costing and batch costing. (07)

B).Distinguish between Budgetary Control and Standard Costing. (08)

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

1. With a hypothetical example, prepare a complete cost sheet showing: Prime Cost, Cost of Operations, Factory Cost, Cost of Production, Cost of Production of Goods Sold and Cost of Sales.

2. “The subject of Management Accounting is very important and useful for optimum utilization of resources. It is an indispensable discipline for corporate planning, management and control” – Justify this statement in the light of importance of Management Accounting.

3. The following direct costs were incurred on Job No. 415 of Standard Radio Company.

Materials Rs. 6010

Wages: Dep't: A – 60 hours @ Rs. 30 per hr

Dept B – 40 hours @ Rs. 20 per hr

Dept C – 20 hours @ Rs. 50 per hr

Overhead for these three departments were estimated as follow:

Variable overheads: Dep't: A – Rs 15000 for 1500 labor hours

B – Rs. 4000 for 200 labor hours

C – RS. 12000 for 300 labor hours

Fixed overheads: Estimated at Rs. 40000 for 2000 normal working hours.

You are required to calculate the cost of Job 415 and calculate the price to give profit of 25% on selling price.

4. What is Process Costing? Explain the main features of Process Costing. Mention the industries where it is applied.