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PARUL UNIVERSITY

## FACULTY OF MANAGEMENT

## MBA Remedial Winter 2017-18 Examination

Semester: 2
Date:09/01/2018
Subject Code: 06200151
Time: 02:00pm to 04:30pm
Subject Name: Cost \& Management Accounting
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.1Do as Directed.

A).Multiple choice type questions/Fill in the blanks. (Each of 1 mark)

1. In 'make or buy' decision, it is profitable to buy from outside only when the supplier's price is below the firm's own $\qquad$ _.
a) Fixed cost
c) prime cost
b) total cost
d) opportunity cost
2. When actual loss in a process is less than Anticipated Loss, the difference is considered as
a) Abnormal Loss
c) Abnormal Gain
b) Normal Loss
d) Normal Gain
3. Overhead refers to $\qquad$
a) Direct cost
c) indirect cost
b) product cost
d) None of the above.
4. Cost of Production equals to $\qquad$
a) Work Cost Plus Administrative Overhead
c) Work overhead plus Administrative Overhead
b) Prime Cost Plus Work Cost
d) Prime Cost Plus Work Overhead
5. The $\mathrm{P} / \mathrm{v}$ ratio of a company is $50 \%$ and margin of safety is $40 \%$. Of sales. If present sales is Rs. 30,00,000 then Break Even Point in Rs. will be $\qquad$
a) Rs. 900000
c) Rs. 500000
b) Rs. 18,00,000
d) Rs. 589000
B).Define the following. (Each of 1 mark)
6. Cost accountancy
7. Cost Unit
8. Cost Driver
9. Sunk Cost
10. Marginal cost

## C).Direct questions.

1.Abnormal Gain
2. Discretionary cost
3. Imputed Costs
5. Semi variable cost
Q.2Answer the following questions.
A).Distinguish between Time rate and Piece rate system of remuneration.
B). The standard labour cost of manufacturing product shows the following standards:

| Materials | Qty | Standard Price | Amount |
| :--- | :--- | :--- | :--- |
| A | 40 Kgs | 75 | 3000 |
| B | 10 Kgs | 50 | 500 |
| C | 50 Kgs | 20 | 1000 |

The standard mix is 100 Kgs and the standard output of the finished product is 90 kgs . The actual results for the period are:

| A | 240000 kgs | $80 \mathrm{per} / \mathrm{kg}$ |
| :--- | :--- | :--- |
| B | 40000 kgs | $52 \mathrm{per} / \mathrm{kg}$ |
| C | 220000 kgs | $21 \mathrm{per} / \mathrm{kg}$ |

The Actual output of the finished product is 420000 kgs . You are required to calculate: Material Cost Variance, Material Price Variance, Material Usage Variance and Material Mix Variance.

## Q.3Answer the following questions.

A). "Cost accounting system has emerged to overcome the deficiencies of Financial Accounting. Cost

Accounting has proved to serve the organization for the purpose of cost control and cost reduction, but despite this fact there are certain obligations against its installation." Justify the statement by explaining its advantages and obligations.
B). Krishna engineering works manufactured and sold 1000 units of sewing machines in the year 2015.

The following are the particulars obtained from the records of the company:

| Particulars | Amount |
| :--- | :--- |
| Cost of Materials | 80,000 |
| Wages Paid | 120000 |
| Manufacturing Expenses | 50000 |
| Salaries | 60000 |
| Rent, Rates and Insurance | 10000 |
| Selling Expenses | 30000 |
| General Expenses | 20000 |
| Sales | 400000 |

The company plans to manufacture 1200 sewing machines in the year 2016. You are required to submit a Cost Sheet for the current period and a Tender Sheet showing the price at which the machine would be sold so as to earn a profit of $10 \%$ on selling price. The following additional information is supplied to you.

1. The price of the material will rise by $20 \%$ over the previous year's level.
2. Wages will rise by $5 \%$.
3. Manufacturing expenses per unit will rise in the proportion to the combined cost of materials and wages.
4. Selling price per unit will remain unchanged.
5. Other expenses will remain unaffected by the rise in output.
Q.4Attempt any two questions. (Each of 7.5 mark )
6. What are the main features of Job and Batch Costing? Distinguish between both the methods of costing and list out the industries in which these techniques are applicable.
7. Write a note on ABC Analysis and EOQ.
8. Discuss the Bin Card Method and Store Ledger.
9. Distinguish between allocation, apportionment and absorption of overheads.
