Seat No: _____________ Enrollment No: _____________

PARUL UNIVERSITY

FACULTY OF MANAGEMENT

MBA Summer 2018-19 Examination

Semester: 2 **Date: 16/04/2019**
Subject Code: 06200151 **Time: 10:30pm to 1:00pm**
Subject Name: Cost and 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.1 Do as Directed.

Multiple choice type questions/Fill in the blanks. (Each of 1 mark) **(05)**

1. Overhead cost is the total of ________.
   a) All indirect costs. c) All direct costs.
   b) Indirect and direct costs. d) All specific costs.
2. Indirect material scrap is adjusted along with ________.
   a) Prime cost. c) Labor cost.
   b) Factory cost. d) Cost of goods sold.
3. Imputed cost is a__________.
   a) Real Cost. c) Normal Cost
   b) Notional cost. d) Replacement cost
4. Direct material is a _______.
   a) Fixed cost. c) Semi variable cost.
   b) Variable cost. d) Semi fixed cost.
5. The cost which is to be incurred even when a business unit is closed is a.
   a) Imputed cost. c) Sunk cost.
   b) Historical cost. d) Shutdown cost.

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

1. Overheads
2. Cost Unit
3. Cost vs Expenses
4. Zero Base Budgeting
5. Scrap and Wastage

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

1. Explain the cost center
2. What is the abnormal Cost?
3. What is the Job costing?
4. The bin Card System
4. Explain Flexible Budget

Q.2 Answer the following questions.

A). Write the difference Between Cost Accounting And Management Accounting **(07)**

Q. 2 (B) The Excellence Ltd manufactures tow products X and Y. The details regarding production cost is as below.

Particulars	**X**	**Y**
Quantity Produces (units)	20,000	28,000
Dir Labour Hours per Unit	4	8
Machine-Hours per Unit	12	4
Setup in the period	40	160
Orders Handled	60	240

(08)

The detail of overhead costs are as follows:

Relating to Machine activity – 17,60,000

Relating to Production run set-ups – 1,60,000

Relating to Handling of orders – 3,60,000

Calculate the production overheads to be absorbed by one unit of each product using:

1. Traditional costing approach using direct labour hour rate to absorb overheads
2. ABC approach using suitable cost drivers to trace overheads to products.

Q.3 (A) Answer the following questions.

The following data relates to the manufacture of a standard product during the month ended on 31 March, 2016.

Raw Material Consumed	Rs. 15,000
Direct Wages	Rs. 9,800
Machine hours worked	2300 hours
Machine hour rate(Paise)	30
Office on Cost	10% of work cost
Selling on Cost	10 paise per unit
Units Produced	19,030 units
Units Sold	11,418 units
Sales Price	Rs. 2 per unit

(07)

You are required to prepare a cost sheet in respect of the above showing:
(i) Cost per unit and (ii) Profit for the period

Q. 3 (B) AB Ltd. is engaged in process engineering industry. During the month of April, 2000 units were introduced in Product X. The normal loss was estimated at 5% of input. At the end of the month, 1400 units had been produced and transferred to Process Y, 460 units were incomplete. The entire process had to be scrapped. The incomplete units had reached the following stage of completion:

Material: 75% completed
Labour: 50% completed
Overhead: 50% completed

(08)

Following are the further information on Process X

Cost of 2000 units: Rs. 58,000
Additional Direct Material: Rs. 14,400
Direct Labour: Rs. 33,400
Direct Overheads: Rs. 16,700
Units scrapped realized: Rs. 10 each

Prepare (i) Process X Account and (ii) Abnormal Loss Account

Q. 4 Answer The Following (Any Two) (15)

1. The Ultra Co. Ltd. is divided into four departments – A, B and C are Production departments and D is the service department. The actual costs for March 2017 were as follows:

Particulars	**Rs.**
Rent	1000
Repairs to Plant	600
Depreciation of Plant	450
Light	100
Supervision	1500
Fire Insurance Stock	500
Power	900
Employee State Insurance Contribution	150

The following information is available regarding the four departments. Apportion the costs to various departments by preparing an overhead distribution chart.

Departments	**A**	**B**	**C**	**D**
Area (Sq.Ft)	1500	1100	900	500
No. of Employees	20	15	10	5
Total Wages (Rs.)	6000	4000	3000	2000
Value of Plant (Rs.)	24000	18000	12000	6000
Value of Stock (Rs.)	15000	9000	6000	----

2. XYZ Ltd. manufactures 5000 units of a product PT at a cost of Rs. 120 per unit. Presently the co. is utilizing 50% of the total capacity. The information pertaining to cost per unit of this product is as follows:

Material – Rs. 60

Labour – Rs. 25

Factory overheads – Rs. 15 (40% fixed)

Administrative overheads – Rs. 20 (50% fixed)

(i) The current selling price of the product is Rs. 160 per unit.

(ii) At 80% capacity level – Material cost per unit will increase by 5% and current selling price per unit will reduce by 4%.

(iii)At 60% capacity level – Material cost per unit will increase by 3% and current selling price per unit will reduce by 2%.

Work out budgeted profit per unit at 70% and 90% capacity.

3. Explain the cost allocation vs cost Apportionment in details

4. Find out the break-even sales, P/V Ratio, Fixed Cost, and Variable cost from the following details.

Details	**Sales Rs.**	**Profit Rs.**
Period I	200000	20000
Period II	300000	40000