

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
IMBA winter 2019 - 20 Examination

Semester:7

Subject Code: 06200151

Subject Name: Cost and Management Accounting

Date:12/12/2019

Time:10:30 am to 01:00 pm

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. Which of the following is/are not associated with ordering costs?
 - a) Interest
 - b) Insurance
 - c) Opportunity costs
 - d) All of the given options
2. _____ are future costs that effect the current management decision.
 - a) Sunk Cost
 - b) Standard Cost
 - c) Relevant Cost
 - d) Irrelevant Cost
3. While transporting petrol, a little quantity will be evaporated; such kind of loss is termed as:
 - a) Normal Loss
 - b) Abnormal Loss
 - c) It is incremental loss
 - d) It can not be abnormal loss
4. The term which describes the assigning of indirect cost to any cost object is classified as
 - a) cost allocation
 - b) sales tracing
 - c) sales allocation
 - d) cost tracing
5. In activity based cost system, unit of work or task with differentiated purpose is classified as
 - a) different task
 - b) purpose cost
 - c) activity
 - d) allocation cost

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

1. Responsibility accounting
2. Cost sheet
3. Break-even analysis
4. Cost ascertainment
5. Overhead cost

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

1. What is Cost centre?
2. What are objectives of budgetary control?
3. What is Job Costing?
4. What is Reorder level?
5. What is Budgetary Control?

Q.2 Answer the following questions.**A). How can you make an effective cost accounting system? Give your views.****(07)****B). Explain Material variances and labour variances along with all related formulas.****(08)****Q.3 Answer the following questions.****A).Discuss various classifications of overhead costs.****(07)**

The following information is given in respect of process A.

Material	1000 kgs @ Rs. 6 per kg
Labour	Rs. 5000
Direct expenses	Rs. 1000

B).Indirect expenses allocated to process A Rs. 1000**(08)**

Normal wastage 10% of input

Prepare process A account when:

1. Scrap value of normal loss is nil
2. Scrap arising out of normal has a sale value of Rs. 1 per unit.

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

1. Write short note for: Financial Accounting and Cost Accounting.
2. From the following data relating to two different vehicles A and B, compute the cost per running mile:

	Vehicle A	Vehicle B
Mileage run (annual)	15000	6000
Cost of vehicle	Rs. 25000	Rs. 15000
Road licence (annual)	Rs. 750	Rs. 750
Insurance (annual)	Rs. 700	Rs. 400
Garage rent (annual)	Rs. 600	Rs. 500
Supervision and salaries	Rs. 1200	Rs. 1200
Driver's wages per hour	Rs. 3	Rs. 3
Cost of fuel per gallon	Rs. 3	Rs. 3
Miles run per gallon	20 miles	15 miles
Repairs and maintenance per mile	Rs. 1.65	Rs. 2.00
Tyre allocation per mile	Rs. 0.80	Rs. 0.60
Estimated life of vehicles	1,00,000 miles	75,000 miles

Charge interest at 5% per annum on cost of vehicles. The vehicles run 20 miles per hour on an average.

3. Describe Purchase procedure of material in detail along with relevant formats.
4. A department of KGF company attains sales of Rs. 6,00,000 at 80% of its normal capacity. Its expenses are given below:

Office salary	Rs. 90000
General expenses	2% of sales
Depreciation	Rs. 7500
Rent and rates	Rs. 8750
Selling costs:	
Salaries	8% of sales
Travelling expenses	2% of sales
Sales office	1% of sales
General expenses	1% of sales
Distribution costs:	
Wages	Rs. 15000
Rent	1% of sales
Other expenses	4% of sales

Draw up flexible administration, selling and distribution costs Budget, operating at 90 percent, 100 percent and 110 percent of normal capacity.