Enrollment No: _	Exam Seat No:		
	C.U.SHAH UNIVERSITY		

Summer Examination-2017

Subject Name: Cost and Management Accounting

Subject Code: 5MS02CMA1 Branch: MBA

Semester: 2 Date: 04/05/2017 Time: 02:00 To 05:00 Marks: 70

Instructions:

- (1) Use of Programmable calculator and any other electronic instrument is prohibited.
- (2) Instructions written on main answer book are strictly to be obeyed.
- (3) Draw neat diagrams and figures (if necessary) at right places.
- (4) Assume suitable data if needed.

SECTION - I

			SECTION -1	
Q-1			Attempt the Following questions	(07)
		a.	State the meaning of costing	1
		b.	Explain cost unit	1
		c.	What is the formula of EOQ?	1
		d.	What is the full name of FNSD?	1
		e.	Name any two direct expenses	1
		f.	Explain wastage and scrap	1
		g.	Name any two methods of costing	1
Q-2			Attempt all questions	(14)
	a		Mr. X owner of manufacturing company wants to implement cost accounting in his company advice him showing the benefits of implementing it and how it can	7
			be useful to employees and society?	_
	b		Explain ABC analysis with imaginary figures	7
			OR	
Q-2			Attempt all questions	(14)
	a		Short note: Classification of cost	7
	b		Name any three industries where job costing is applicable also state essentials of job costing	7
Q-3			Attempt all questions	(14)
	a		Mr. X sometimes faces a problem of either shortage of raw material or excessive material in his manufacturing unit advice him by providing him formulas of different level of stock control to ensure that how optimum quantity of material is bought and stored by him?	7
	b		From below information calculate labour turnover rate by all three methods.	7



Number of employees on Dt. 1/4/2016	1000
Number of employees resigned during	50
the year	
Number of employees retrenched	75
during the year	
Number of employees joined during	225
the year due to expansion	
Number of employees joined during	100
the year in place of those resigned and	
retrenched	
Number of employees on Dt.	(?)
31/3/2017	

OR

Q-3 a Prepare cost sheet of a company manufacturing 1000 units in the month of April 2017

Particulars	Amount(Rs.)	Particulars	Amount(Rs.)
Power and fuel	10,000	Delivery van expenses	12,000
Direct wages	2,20,000	Factory rent	18,000
Depreciation on	20,000	Advertisement	5,000
machinery		expenses	
Supervisor's salary	30,000	Insurance of office	10,000
Office salary	40,000	Factory repairing	6,000
Travelling expenses	15,000	Closing stock in units	
		100(Finished goods)	
Direct material	3,80,000	Selling price per unit	
		Rs.900	

b Prepare necessary process accounts and abnormal gain and loss accounts from below information

outow information		
Particulars	Process I	Process II
Material Introduced	2000 units @ Rs.100	-
	per unit	
Additional Material	Rs.50,000	Rs.80,000
Direct Wages	Rs. 80,000	Rs.1,00,000
Factory Overhead	Rs. 70,000	Rs. 90,000
Normal scrap	10% of units	150 units
_	introduced	
Sale of normal scrap	Rs.80 per unit	Rs.120
Transfer to next	1650 units	1520 units
process/Finished		
goods		

SECTION – II

Q-4 Attempt the Following questions (07)

a. Give one example of composite cost unit
b. If Fixed expenses at 60% capacity is Rs. 40,000 what will be at 80% capacity?
c. If BEP units are 10,000, contribution per unit is Rs.5 what will be fixed cost?



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- d. What is the formula of idle time variance?
 e. What is the full name of RSQ?
 f. What is meant by semi variable cost or step variable cost?
 g. Total expenses running a taxi for 5000 Km. is Rs. 45,000 find out cost per km.
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- Q-5 Attempt all questions

(14) 7

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A company has two plants I & II working at 90% & 80% capacity. (In Lakhs)

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Particulars	Plant I	Plant II
Sales	180	40
Variable cost	72	24
Fixed cost	30	10

Find out:

- 1. BEP of the merged plant
- 2. The profit at 60 % of the merged capacity
- 3. Sales required for merged plant to earn profit of 20 lakh.

b

a

Material	SQ(Kg)	SP (RS.)	AQ(Kg)	AP (RS.)
A	1800	5	2000	4.50
В	2200	4	2100	4.20
Total	4000		4100	
Less : Scrap	400		410	
	AY 3600		SY 3690	

Find out Material variances

OR

Q-5 a From below information calculate fixed cost, PV Ratio, BEP,

Profit at a sales of Rs.50, 000 and Sales to earn a profit of Rs.6, 000.

Period	Sales	Total Cost
I	39,000	34,800
II	43,000	37,600

- **b** Prepare Cash budget for the period April to June 2017.
 - 1. Opening cash balance 250000.
 - 2. Month wise Sales, Purchase, Wages & Other expenses are as under.

Month	Sales	Purchase	Wages	Overheads
Feb.	210000	130000	14000	9000
March	320000	220000	16000	8000
April	430000	270000	18000	10000
May	320000	310000	17000	12000
June	230000	200000	14000	10000
July	210000	160000	22000	14000



- 3. Among total sales 30% is cash sale. Out of credit sales 60% received in next month 25% in second next month & balance in the third next month.
- 4. Material is brought before the month of sales and paid after 2 months of purchase.
- 5. Time lag for wages is $1/6^{th}$ month and for overheads it is $\frac{1}{2}$ month.
- 6. Taxes to be paid in June 20000

Q-6 Attempt all questions

(14)

Explain any two methods available for pricing the product

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State advantages and limitations of standard costing b.

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OR

Q-6 Attempt all Questions

- One bus having capacity of 50 passengers is running for 10 days in a month from Ahmedabad to Surendranagar and back covering distance of 120 kms. Each way. (Bus occupancy 80%). Same bus is running between Ahmedabad to Rajkot for 10 days in a month and back covering distance of 200 kms Each way. (Bus occupancy 70%). Same bus is running in Ahmedabad for sight scene for 5 days in a month covering distance of 50 kms per day. (Bus occupancy 100%) From below information calculate cost per passenger Km.
 - 1. In 1 litre of diesel Bus runs for 10 kms. and cost per litre is Rs. 40
 - 2. Oil Expense per 100 Kms. is Rs 90
 - 3. Other repairing, tire, tube etc Rs.0.20 per Km.
 - 4. All other Fixed and variable expense Rs. 50,000 per month.
- b A company can produce 50,000 units at 100% capacity and currently produces and sells 40,000 units in local market at Rs. 10 per unit. Current cost structure per unit is as under.

Particulars	Per unit (Rs.)
Direct Material	3
Direct Labour	2
Other Variable Expenses	1
Total Fixed Expenses	2
Total	8

The company has received export order to sell 10,000 units @ Rs. 7 per unit guide the company on the basis of your calculation to accept the order or reject it, would your answer be different if the same order was received from domestic trader and why?

