GALGOTIAS UNIVERSITY

ADMISSION NUMBER

School of Finance and Commerce

Master of Business Administration in Financial Management
Semester End Examination - Jul 2024

Duration : 180 Minutes
Max Marks : 100

Sem I - H1PE103T - Cost and Management Accounting

General Instructions
Answer to the specific question asked
Draw neat, labelled diagrams wherever necessary
Approved data hand books are allowed subject to verification by the Invigilator

1)	State the meaning of the cost accounting?	K1(2)
2)	Explain the following concepts: (a) Basic Standard (b) Ideal Standard (c) Current Standard (d) Expected Standard	K2(4)
3)	Explain the concept of cost allocation and apportionment?	K2(6)
4)	The Alpha company is considering the feasibility of purchasing from a nearby jobber a component in the necessary quantities at a unit price of Rs. 4.50. Transportation and storage costs for the component would be negligence and, therefore, can be ignored. Alpha produces the components from a single raw material. The firm at present orders materials in the economic order quantity of 1,000 units at a cost of Rs. 1; average annual usage is 10,000 units of the component. The yearly storage cost (including rent, taxes, return on inventory, etc.), at present is computed at 50 paise per unit. The minimum inventory is set at 200 units. Direct labour costs for the components are Rs. 3 per unit. Fixed manufacturing overhead is absorbed at Rs. 2 Per unit based on a normal capacity of 10,000 units. In addition to the above costs, the machine on which the components are produced is leased at Rs. 100 per month. Should Alpha make or buy the components? Would you like to qualify your answer in any way?	K3(9)
5)	Determine the steps involved in the activity based costing?	K3(9)
6)	Correlate throughput accounting to cost management?	K5(10)
7)	You are required to prepare and analyze a selling overhead Budget from the estimates given below: (i) Advertisement - Rs.1,000 (ii) Salaries of the Sales dept. – Rs.1,000 (iii) Expenses of the Sales dept. (Fixed) – Rs.750 (iv) Salesmen's remuneration – Rs.3,000 (v) Salesmen's and dearness Allowance - Commission @ 1% on sales excluding Agent's sales. (vi) Carriage outwards: estimated @ 5% on sales. (vii) Agents Commission: 7½ % on Agent's sales. The sales during the period were estimated as follows: (a) Rs.80,000 including Agent's Sales Rs.8,000 (b) Rs.90,000 including Agent's Sales Rs.10,000 (c) Rs.1,00,000 including Agent's Sales Rs.10,500	K4(12)
8)	XYZ Ltd. supplies you the following data for the year ending 31st	K5(15)

march 2023. Table Prepare (a) Income statement under variable costing. (b) Income statement under absorption costing (c) Explain the difference in the profit under variable and absorption costing, if any.

Particulars	
Production	1100 units
Sales	1000 units
There was no opening stock	
Variable manufacturing cost per unit	Rs.7
Fixed manufacturing overhead (total)	Rs. 2200
Variable selling and administration overhead per unit	Rs. 0.50
Fixed selling and administration overhead (total)	Rs. 400
Selling price per unit	Rs.15

9) "Budgets and standards are not the same things, they have different purposes and are set up and used in different ways, yet a specific relationship exists between them." Comment K5(15)

10) Medical devices are normally associated with use by hospitals and medical practices. Some devices are used by normal consumers and, according to an article on the Medical Device and Diagnostic Industry website are proliferating. The market for devices such as insulin pumps and blood pressure monitors has become more consumer-driven and is putting pressure on manufacturers to design better products and get them to the market faster. According to the article, 'patients want their medical devices to have the same kind of design and appeals as iPods'. This convergence of medical and mass consumer electronics is creating many challenges for medical device manufacturers. These challenges include widely divergent product life cycles, varying scenarios of use and safety, and efficacy concerns. The typical life cycle of a consumer device is likely to be measured more in months than years. Compare this to the long approval cycles of drug and medical device regulatory authorities – which, , can be anything from 27 to 36 months in the USA depending on the type of medical device. During this timeframe, an iPod/iPad has probably gone through at least two generations, and smart devices are now the norm. It may be that medical devices will never get as savvy as a consumer iPad due to regulatory concerns and device efficacy. However, increasing consumer-driven requirements are likely to shorten the product life cycle over coming years as devices move further towards personal smart devices. As of April 2016, for example, a Financial Times article notes there are more than 1,65,000 health and fitness apps available at the Apple App Store. While Apple's devices are not medical devices they do pose a competitive threat. Questions a) Do you think the costs of the electronic components in a smart device such as an iPod/iPad are more or less than those in a medical device like a blood pressure monitor? b) Would decreasing the product life cycle of medical devices, or medical devices being more like consumer electronics, pose any risks for manufacturers? K6(18)