

Reg. No:.....

**Second Year MHA Degree Supplementary Examinations, October 2015**

**Management Accounting and Cost Accounting**

**(2010 Scheme)**

**Time: 3 Hours**

**Total Marks: 100**

- Answer all questions.
- Write **section A** and **section B** in **separate answer books(32 Pages)**.  
**Do not mix up questions from section A and section B.**

**QP CODE: 204380      Section A – Management Accounting      Marks: 50**

**Essay: (20)**

1. A life saving equipment has been in operation for 3 years. Its remaining estimated useful life is 8 years with no salvage value in the end. Its current market value is Rs. 2,00,000. The company is considering a proposal to purchase a new model of machine to replace the existing machine. The relevant information are as follows:

	<b>Existing Machine</b>	<b>New Machine</b>
Cost of machine	Rs. 3, 30,000	Rs. 10, 00,000
Estimated life	11 years	8 years
Salvage value	Nil	Rs. 40,000
Annual output	30,000 units'	75,000 units
Selling price per unit	Rs. 15	Rs. 15
Annual operating hours	3,000	3,000
Material cost per unit	Rs. 4	Rs. 4
Labour cost per hour*	Rs. 40	Rs. 70
Indirect cash cost per annum	Rs. 50,000	Rs. 65,000

The hospital follows the straight line method of depreciation. Advise the hospital management whether the existing machine should be replaced or not.

**Short essay: (10)**

2. Draw up a model balance sheet for a tertiary teaching hospital

**Short notes: (4x5 =20)**

3. Trial balance
4. Hospital financial transaction process
5. Accounting principle
6. Hospital expenses

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**P.T.O**

**Essay:****(20)**

1. The demand for a certain surgical product in hospital is random. It has been estimated that the monthly demand of the surgical product is 5000 units. The unit price of product is Rs.25. Ordering cost is Rs. 40 per order and inventory carrying cost is estimated to be 35 per cent per year. Normal lead time is 20 days and safety stock is NIL. Assume 300 working days in a year:
  - Calculate the economic order quantity (E.O.Q).
  - Calculate the reorder inventory level.
  - If one per cent quantity discount is offered by the supplier for purchases in lots of 5000 units or more, should the hospital accept the proposal.

**Short essay:****(10)**

2. Define cost accounting and its objectives. Explain the advantages of cost accounting

**Short notes:****(4x5=20)**

3. Calculate total passenger kilometers from the following information: Number of buses 8, number of days operating in a month 26, trips made by each bus per day 6, distance covered 25 kilometers (one side), capacity of bus 50 passengers, normally 90% of capacity utilization.
4. Cost centers Vs. Cost units
5. Break even analysis
6. Standard costing

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