

Enrolment No./Seat No.:

GUJARAT TECHNOLOGICAL UNIVERSITY
BBA - SEMESTER - III EXAMINATION - SUMMER 2025

Subject Code: 1530101

Date: 08-05-2025

Subject Name: Cost Accounting

Time:02:30 PM TO 05:00 PM

Total Marks: 70

Instructions

- 1. Attempt all questions.**
- 2. Make suitable assumptions wherever necessary.**
- 3. Figures to the right indicate full marks.**
- 4. USE of SIMPLE calculators AND non-programmable scientific calculators are permitted.**

	Marks
Q.1 Attempt ANY 7	14
(a) Define cost accounting	
(b) What is a cost center?	
(c) What is meant by overheads?	
(d) What is the difference between job costing and batch costing?	
(e) What is semi-variable cost?	
(f) Write any 4 examples of fixed cost.	
(g) Explain the term 'Cost unit' with an example.	
(h) Write any two differences between cost and financial accounting.	
Q.2 Multiple Choice Questions (All Compulsory)	14
(1) Cost accounting is primarily used for:	
A. Tax assessment	
B. Financial reporting	
C. Internal control and decision-making	
D. Auditing	
(2) Which of the following is <i>not</i> a feature of financial accounting?	
A. Focus on external reporting	
B. Records historical transactions	
C. Flexible structure	
D. Required by law	
(3) Variable costs:	
A. Remain constant per unit	
B. Change per unit	
C. Remain constant in total	
D. Are always fixed	

- (4) The main objective of inventory control is to:
- A. Increase inventory cost
 - B. Avoid under- or over-stocking
 - C. Maximize working capital
 - D. Increase storage space
- (5) Timekeeping department is responsible for:
- A. Calculating wages
 - B. Recording time-in and time-out
 - C. Hiring workers
 - D. Allocating materials
- (6) Over-absorption of overheads means:
- A. Overhead charged < actual overhead
 - B. Overhead charged > actual overhead
 - C. Overhead charged = actual overhead
 - D. No overhead charged
- (7) Contract costing is ideal for:
- A. Batch production
 - B. Continuous production
 - C. Short duration jobs
 - D. Large-scale construction projects
- (8) In process costing, abnormal loss is:
- A. Expected loss
 - B. Unavoidable loss
 - C. Unexpected and avoidable loss
 - D. Not accounted
- (9) The cost unit in hotel costing may be:
- A. Per meal
 - B. Per patient
 - C. Per kilometer
 - D. Per room night
- (10) Which of the following is a special feature of contract costing?
- A. Equal cost each month
 - B. Work certified and uncertified
 - C. Fixed selling prices
 - D. Applies only to goods
- (11) Direct costs are those:
- A. Which are shared by multiple departments
 - B. Not directly traceable to a product
 - C. Which are easily and directly traceable to a product
 - D. Only administrative costs

(12) The process of charging overheads to cost centers is known as:

- A. Allocation
- B. Apportionment
- C. Absorption
- D. Segregation

(13) Bin card is maintained by:

- A. Accounts department
- B. Purchase department
- C. Storekeeper
- D. Finance manager

(14) Operating costing is not suitable for:

- A. Hospitals
- B. Transport companies
- C. Cement factories
- D. Hotels

Q.3 (a) Write a short note on ABC analysis and its relevance in current scenario. **07**

(b) The three workers Govind, Ram and Shyam produced 80, 100 and 120 pieces of a product X on a particular day in April 2025 in a factory. The time allowed for 10 units of product X is 1 hour and their hourly rate is Rs. 4 calculate for each of these three workers the following: (1) Earnings for the day, (2) Effective rate earnings per hour under (a) Straight piece rate (b) Halsey Premium plan (50% sharing) and (c) Rowan premium bonus method of labour remuneration. **07**

OR

(a) Explain the meaning and significance of overhead costs in cost accounting. **07**

(b) Prepare 'stores ledger' and enter the following transactions adopting the 'weighted average method' of pricing. **07**

April 1 - Opening balance: 50 units at Rs. 30 per unit

April 5 - Issued 2 units

April 7 - Purchased 48 units at Rs. 40 per unit

April 9 - Issued 20 units

April 19 - Purchased 76 units at Rs. 30 per unit

April 24 - Received back 19 units out of the units issued on 9th April

April 27 - Issued 10 units

Q.4 (a) What are the main features of Contract Costing? **07**

(b) Work out in cost sheet from the following data relating to a Paper Mill in April 2025 from the following data: **07**

Direct Materials

- Paper Pulp – 500 tons @ Rs. 50 per ton
- Other Materials – 100 tons @ Rs. 30

per ton Direct Labour

- 80 Skilled men @ Rs. 3 per day for 25 days
- 40 Unskilled men @ Rs. 2 per day for

25 days Direct Expenses

- Special dyes – Rs. 1,000
- Special Equipment – Rs.

3,000 Works Overhead

- Variable – @ 100% on Direct Wages
- Fixed – @ 60% of Direct Wages

Administration Overhead

- @ 10% on Works

cost Selling and

Distribution Overhead

- @ 15% on works cost

400 tons of special paper was manufactured and Rs. 800 was realised by the sale of waste material during the course of manufacture. The scrap value of the special equipment after utilisation in manufacture is nil.

OR

(a) What is Job Costing? How does it differ from Unit Costing? **07**

(b) A firm of building contractors began to trade on 1st April, 2024. The following was the expenditure on the Rs. 30,00,000 contract. **07**

	Rs.
Materials issued to contract	51,000
Plant used for contract	15,000
Wages incurred	81,000
Other expenses incurred	5,000

Cash received on account to 31st March, 2025 amounted to Rs. 1,28,000 being 80% of the work certified of the Plant and material charged to the contract plant which cost Rs. 3,000 and materials which cost Rs. 2,000 were lost.

On 31st March, 2025, plant which cost Rs. 2,000 was returned to stores, the cost of work done but uncertified was Rs. 1,000 and material costing Rs. 2,300 were in hand on site. Charge 15% depreciation on plant. Prepare a contract account from the above particulars.

Q.5 (a) Explain how operating costing is applied in hospitals. What are the main heads of costs considered in hospital costing? **07**

- (b) Product X is obtained after it is processed through three distinct processes. The following information is available for the month of March, 2025: 07

Particulars	Total	Processes		
		A	B	C
Material consumed	22,500	10,400	8,000	4,100
Direct labour	29,320	9,000	14,720	5,600
Production overheads	29,320	-	-	-

2,000 units at Rs. 4 per unit were introduced in Process A. Production overheads to be distributed as 100% on direct labour. The actual output and normal loss of the respective processes are:

Processes	Output in units	Normal loss on inputs	Value of scrap per unit (Rs.)
Process A	1,800	10%	2.00
Process B	1,360	20%	4.00
Process C	1,080	25%	5.00

There is no stock or work-in-progress in any process. You are required to prepare Process Accounts.

OR

- (a) Differentiate between normal loss and abnormal loss. How are they treated in cost accounts? 07
- (b) From the following particulars, calculate the cost per running Kilometre of a taxi: 07

	Rs.
Cost of Vehicle	25,000
Road Licence Fee for the year	750
Insurance per year	850
Garage rent per year	1,600
Supervision and Salary (Yearly)	1,800
Driver's wages per hour	4
Cost of fuel per litre	1.50
Tyres per kilometre	1.00
Repairs per kilometre	1.50
Kilometre run per litre	6
Kilometre run during the year	15,000
Estimated life of vehicle	1,00,000 kms

Charge interest at 10% on the cost of vehicle. The vehicle runs 20 kms per hour on an average.
