

Enrollment No./Seat No.:

GUJARAT TECHNOLOGICAL UNIVERSITY
BBA/MBA INTEGRATED - SEMESTER - II EXAMINATION - SUMMER 2025

Subject Code: BB02001021

Date: 04-06-2025

Subject Name: Cost Accounting

Time: 10:30 AM TO 01:30 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 ALL 7 Questions must be Compulsory. | 14 |
| (a) Sunk Cost | |
| (b) Following data relates to the consumption of raw materials in a factory. Determine the Economic Order Quantity.
1) Total annual Consumption. 60,000 Units
2) Annual carrying cost per unit. 15%
3) Ordering Cost 12 ₹
4) Purchase price per unit 15 ₹ | |
| (c) Cost Center | |
| (d) Units introduced 1,000, Actual production 850 units, Normal Wastage 10% of input. Find out units of abnormal wastage. | |
| (e) Marginal Costing | |
| (f) Fixed Overheads | |
| (g) Cost Control | |
| Q.2 (a) Explain in detail Cost Classification. | 07 |
| (b) Manoj has taken 40 hours to complete a job. The wage rate per hour is 8. If he has received 384 as total wages according to Rowan Plan, what would be the amount of wages earned by him according to Halsey Plan and Piece Wage Plan? | 07 |

OR

- (b) The following information regarding receipt and issue of an items are obtained for January 2024 from the store of a factory:

07

January,2024	Particulars	Kgs.	₹
1	Opening stock	5,000	2.00
2	Issue	2,600	_____
3	Issue	400	_____
15	Purchases	6,000	4.00
16	Issue	2,000	_____
28	Issue	1,000	_____
29	Purchases	2,000	5.00
30	Issue	1,000	_____

The stock verification revealed a shortage of 100 kgs. on 28/01/ 2024. Prepare stores ledger as per FIFO and LIFO method.

- Q.3 (a)** State the difference between Cost accounting and Financial accounting

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- (b) Mansi manufacturing company supplies you the following information for the year ended date 31st March 2024

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	A	B	C
Raw material introduced in the process (units)	12,000	2,440	2,600
Cost of raw material per unit (₹)	5	5	5
Direct wages (₹)	34,000	24,000	15,000
Production overheaded	16,160	16,200	9,600
Normal loss (% on number of units entering into the process)	4%	5%	3%
Wastage (% on number of units entering into the process having scrap values)	6%	5%	4%
Scrap value per unit of wastage	3	4	5
Output transferred to subsequent process	70%	60%	—
Output sold at the end of the process	30%	40%	100%
Selling price per unit of the output sold at the end of the process	12	16	17

You are required to prepare the Process A, B and C Accounts, and a statement of profit earned at each process.

OR

(a) Give a brief introduction of methods of costing.

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- (b) A product passes through three processes viz. A,B, and C thereafter it is transferred to finished stock. The information is as under:

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Particulars

Process	A	B	C
Units introduced (per unit 100)	(?)	—	—
Normal wastage (percentage of input)	2.5%	5%	10%
Sales value of wastage (per unit) (₹)	25	50	60
Abnormal wastage (No. of units)	500	550	—
Cost per unit of abnormal wastage	150	200	—
Abnormal gain (No. of units)	—	—	250
Cost per unit of abnormal gain	—	—	250
Actual production (% of units produced)	95%	(?)	(?)

Additional Information:

- (1) The abnormal wastage was 100% of the normal wastage in process A
 - (2) Factory overheads to be distributed as 25% of direct wages in all three processes.
- From the above information, Prepare Process Accounts, Abnormal Loss Account and Abnormal Gains Account.

Q.4 (a) Write a short note on ABC Analysis.

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- (b) Gandhi company Ltd. Limited produced and sold 10,000 units at its 50% production capacity. Following is the Profit and Loss Account for the year ended 31st Maarch 2020: Trading and Profit & Loss Account

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Particulars	Rs.	Particulars	Rs.
To Direct materials consumed	6,00,000	By Sales	20,00,000
To Direct Labour	4,00,000		
To Factory Overheads :			
Fixed	1,00,000		
Variables	1,50,000		
To Office overheads (Fixed)	1,80,000		
To Selling and dist. o/h:			
Fixed	60,000		
Variable(including commission on sales @ 5 %)	1,50,000		
To Net Profit	3,60,000		
	20,00,000		20,00,000

For the year 2020-21, it is estimated that:

- (1) Production will be carried out at 60% capacity, of which 90% units will be sold.
- (2) Direct material cost, labour cost and variable factory overheads will rise by 20%.
- (3) Factory fixed overheads are expected to go up by rs. 20000.
- (4) Selling variable cost per unit will be same except commission on sales. The commission on sales will be reduced upto rs. 7 per unit.
- (5) Selling fixed overheads will be reduced by 10%, whereas office overheads will remain the same.
- (6) It is determined to get 20% profit on selling price.

Prepare:

- (1) The cost sheet for the year 2019-20.
- (2) A statement showing estimated cost and profit for the year 2020-21.

OR

- (a) Explain in detail techniques of inventory control.

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- (b) The Profit and Loss Account of Kashyap Engineering Co. Ltd for the year ending 31st March, 2020 is set out below.

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Trading and Profit & Loss Account

Particulars	Rs.	Particulars	Rs.
To Opening stock (Finished stock 1,200 units)	1,44,000	By sales (15,000 units)	26,40,000
To Raw material consumed	9,60,000	By closing stock (Finished stock 2,200 units)	2,64,000
To Direct Wages	4,80,000		
To Manufacturing expenses	3,20,000		
To Gross Profit C/f	10,00,000		
	29,04,000		29,04,000

Particulars	Rs.	Particulars	Rs.
To Office rent	40,000	By Gross Profit b/f	10,00,000
To Salaries	90,000		
To Other administrative charges	30,000		
To Selling- distribution exp.	1,80,000		
To Net Profit	6,60,000		
	10,00,000		10,00,000

The company will produce and sell 24,000 units during 2020-'21. The estimates for changes in various items are as follows:

- (1) Price of material will go up by 20%.
- (2) In addition to the proportionate increase in the number of workers, 24 new workers will have to be engaged and each of them will be paid 6,000 (six thousand)Pa.
- (3) Manufacturing expenses will rise in proportion to the combined cost material and wages.
- (4) The administration expenses per unit will be reduced by 20%.
- (5) Selling and distribution expenses per unit will go up by rs.1 per unit.
- (6) The same percentage of profit on selling price is to be maintained.

Prepare a cost statement for the year 2020-21 on the basis of the above information.

- Q.5 (a)** Write a short note on inventory management.

07

- (b) Mr. Ramesh obtained a contract to build a building the price being ₹ 200,000, Work was started on 1" April, 2021 and the following expenditure was incurred: Plant ₹ 10,000; Stores ₹ 36,000; Wages ₹ 32,500; Misc. exp. ₹ 2,650; Salary ₹ 5,850. Some material was unsuitable and was sold for ₹ 7,250 (cost price ₹ 6,000). A portion of plant was scrapped and disposed at ₹ 1,150. The value of plant on 31st March, 2022 was ₹ 3,100 and of stores 1,700; 70,000 representing 80% of the work certified. The work uncertified was valued at 10,950 and this was certified later for 12,500.
- Mr. Ramesh decided to estimate the further expenditure would be incurred in completing the contract to compute from this estimate and the expenditure already incurred. The total profit that would be made on the contract and to take to credit of P & L Account for the year 2021-'22 that portion of the total which = corresponded to the work certified on 31/3/2022.
- His estimate reveals that contract would be completed after a nine months, till then wages likely to be incurred 37,750, the cost of stores etc. required in addition to these in stock 31/3/2022 would be 34,300, and that further contract expenses would amount to 3,000.
- A further investment of 12,500 would be required on plant which would be valued costly at ₹1,500. The salary would be same on monthly basis, as in the proceeding year. Lastly 2.5% of the total cost of contract should be kept as reserve for contingencies.
- Prepare Contract Account for the year ended on 31/3/2022, and also show your calculation of the amount credited to profit and loss account for the year.

OR

- (a) Write a short note on abnormal loss and normal loss. 07
- (b) Prepare Contract Account from the following information, taking credit for 2/3 profit on cash basis: 07

Particulars	Rs.
Materials	1,30,000
Wages	1,00,000
Indirect Expenses	50,000
Material on site (at the close of the year)	10,000
Loss by accident	20,000
Uncertified work	30,000
Cash received (90% of work cerified)	3,60,000
Contract price	5,00,000
Sale of scrap	2,000
Sale of Materials (cost ₹ 5,000)	6,000
Plant	50,000
Residual value of plant at the end of the year	30,000
