

GUJARAT TECHNOLOGICAL UNIVERSITY
BBA– SEMESTER –III-EXAMINATION – WINTER-2023

Subject Code:1530101

Date: 01-12-2023

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.

| Q. No. | Question Text and Description | Marks |
|---------------|--|--------------|
| Q.1 | Explain the following terms.(any seven) (a) Cost centre (b) Discretionary Costs (c) Relevant Costs (d) Sunk Costs (e) Replacement Cost (f) Conversion Cost (g) Implicit Cost (h) Non-controllable Costs | 14 |
| Q.2 | Multiple Choice Questions (All Compulsory) | 14 |
| 1 | Cost accounting has developed due to the ____of financial accounting. A. advantages B. limitations C. merits D. expansion | |
| 2 | Which of the following statements are not true regarding cost accounting? Information obtained is used A. by management for decision making. B. Stock is valued at cost C. Deals partly with facts & partly with estimates D. Accounts are mandatory according to Companies Act | |
| 3 | Normal costs are generally _____costs. A. controllable B. uncontrollable C. discretionary D. avoidable | |
| 4 | The process of charging such costs which are directly identifiable with some products or departments to such cost centre is called____. A. Cost absorption B. Cost apportionment C. Cost allocation D. None of the above | |
| 5 | ____system of costing is suitable for toy making. A. Batch costing B. Job costing C. Operating costing D. Process costing | |

- 6 Variable costs increase in total due to
 A. Increase in sales B. Increase in volume of production
 C. Increase in profit D. All of above
- 7 In cement industry, the method of costing adopted is _____.
 A. Process costing B. Job costing
 C. Contract costing D. Operating costing
- 8 Thread in garments is an example of _____.
 A. Direct materials B. Variable cost
 C. Prime cost D. Indirect cost
- 9 Purchase requisition for regular stock materials is prepared by _____.
 A. Cost department B. Production department
 C. Store keeper D. Purchase department
- 10 A bill of materials is _____.
 A. An invoice of materials purchased B. A voucher of materials received by suppliers
 C. A documents that shows all materials required for a job D. None of these
- 11 _____ technique is a selective control of materials.
 A. ABC B. Inventory turnover ratio
 C. Input output ratio D. EOQ
- 12 Time wage system _____.
 A. Benefits the less efficient workers B. Increase cost of production
 C. Provide non-financial incentives D. None of above
- 13 Which method of costing is suitable in case of mass production industries manufacturing standardized products, wherein raw materials pass through a number of processes in a particular sequence?
 A. Contract costing B. Service costing
 C. Process costing D. Batch costing
- 14 Batch costing is suitable for _____.
 A. Sugar industry B. Chemical industry
 C. Pharma industry D. Oil industry
- Q.3** (a) What is costing? Discuss objectives briefly. **07**
 (b) State advantages of cost accounting. **07**
- OR**
- (a) Explain cost which are useful to management for decision making. **07**
 (b) State the difference between cost accounting and financial accounting. **07**
- Q.4** (a) Discuss two types of costs associated with labour turnover. **07**
 (b) Define Absorption of overheads. Explain over absorption and under absorption with example. Write the causes for the same. **07**
- OR**
- Q.4** (a) Distinguish between time study and motion study. **07**

- (b) Nirja pump company uses about 75,000 valves per year and the usage is fairly constant at 6,250 per month. The valves cost ₹ 1.50 per unit and carrying cost is estimated to be 20% of average inventory investment on an annual basis. The cost to place an order and to process the delivery is ₹18.
You are required to determine the most economical order quantity.

Q.5

A product passes through three processes A,B and C. The normal wastage of each process is as follows: Process A- 3 per cent, Process B-5 per cent and Process C- 8 per cent. Wastage of process A was sold at 25 p.per unit that of Process B at 50 p.per unit and that of Process C at ₹1 per unit.

10,000 units were issued to Process A in the beginning of October 2023 at a cost of ₹1 per unit. The other expenses were as follows:

| | Process A | Process B | Process C |
|------------------|-----------|-----------|-----------|
| Direct materials | ₹ 1,000 | ₹ 1,500 | ₹ 500 |
| Labour | 5,000 | 8,000 | 6,500 |
| Direct expenses | 1,050 | 1,188 | 2,009 |
| Actual output | 9,500 | 9,100 | 8,100 |

- a) Prepare the process A and Process B accounts. Prepare the process C accounts. 07
- b) Assuming that there were no opening or closing stocks. 07

OR

Q.5

Devi owns a fleet of taxis and the following information is available from her records:

Number of taxis 10

Cost of each taxi ₹ 20,00,000

Salary of manager ₹ 6000 p.m.

Salary of accountant ₹ 5000 p.m.

Salary of cleaner ₹ 2000 p.m.

Salary of mechanic ₹ 4000

Garage rent ₹ 6000 p.m.

Insurance premium 5% per annum

Annual tax ₹ 6,000 per taxi

Driver's salary ₹ 2,000 p.m. per taxi

Annual repair ₹ 1,000 per taxi

Total life of a taxi is about 2,00,000 kms. A taxi runs in all 3,000 kms in a month of which 30% runs empty. Petrol consumption is one liter for 10 km @ ₹ 6.80 per litre. Oil and other sundries are ₹ 5.00 per 100 kms.

- a) Calculate fixed cost per km. 07
- b) Calculate the cost of running a taxi per km. 07
