

GUJARAT TECHNOLOGICAL UNIVERSITY
BBA-SEMESTER-III-EXAMINATION-WINTER-2024

Subject Code: 1530101

Date: 19/11/2024

Subject Name: Cost Accounting

Time: 10:30 AM TO 1:00 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) Marginal Cost (b) Fixed Costs (c) Direct Costs (d) Opportunity Cost (e) Cost unit (f) Abnormal gain (g) Implicit Cost (h) Non-controllable Costs	14
Q.2	Multiple Choice Questions (All Compulsory)	14
1	Cost accounting is primarily concerned with _____. A. Historical data B. Future costs C. Financial reporting D. Tax calculations	
2	Which of the following is an example of a variable cost? A. Rent B. Salary C. Raw materials D. Insurance	
3	Normal costs are generally _____ costs. A. controllable B. uncontrollable C. discretionary D. avoidable	
4	_____ is that portion of the basic raw materials that is lost in processing having no recovery value. A. Wastage B. Spoilage C. Scrap D. Defect	
5	Prime costs include _____. A. Direct materials and indirect labor B. Direct labor and overheads C. Direct materials and direct labor D. Fixed and variable costs	
6	Job costing is most appropriate for _____. A. Mass production B. Customized products C. Process manufacturing D. Standardized products	
7	In cement industry, the method of costing adopted is _____. A. Process costing B. Job costing C. Contract costing D. Operating costing	
8	A profit centre is a centre_____.	

- 9 A job is a small contract and contract is a big job.
- A. Where the manager has the responsibility of generating and maximising profits
 B. Which is concerned with earning an adequate Return on Investment
 C. Both of the above
 D. Which manages cost
- 10 In process costing, normal process loss is transferred to costing P&L Account.
- A. True
 B. False
 C. Cannot say
 D. More information is required
- 11 Total cost of product is calculated as_____.
- A. Revenue –variable cost
 B. Fixed cost -variable cost
 C. Fixed cost + variable cost
 D. Variable cost – fixed cost
- 12 Cost Classification can be done in_____.
- A. Two ways
 B. Three ways
 C. Four ways
 D. Many ways
- 13 Indirect cost is that cost incurred by the firm which_____.
- A. Has already been incurred and cannot be avoided
 B. Can be easily traceable to a product
 C. Are common to several product
 D. Are aggregate of variable cost
- 14 Batch costing is applied in industries_____.
- A. Engaged in construction industry
 B. Engaged in service industry
 C. Where distinct products are produced
 D. Where identical products are produced
- Q.3** (a) Explain the primary differences between cost accounting and financial accounting, highlighting their unique purposes. **07**
- (b) Nirja manufacturing company produces electronic devices and uses **Resistor R100** in its production process. In a manufacturing, a material is used as follows: **(07)**
- Maximum consumption 12,000 units per week
 Minimum consumption 4,000 units per week
 Normal consumption 8,000 units per week
 Reorder quantity 48,000 units
 Time required for delivery:
 Minimum: 4 weeks
 Maximum: 6 weeks
 Emergency: 2 weeks
- Calculate: reorder level, minimum level, maximum level, average stock level and danger level.

OR

- (a) Define Cost Accounting and outline its main objectives and advantages. **07**

- (b) Pratiti 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. **07**

- Q.4** (a) In case of large organizations the number and types of materials is used. In such organization importance of codification and classification is crucial and advantageous. How? **07**
- (b) Explain the concept of overhead absorption, including over and under-absorption scenarios. **07**

OR

- Q.4** (a) Distinguish between Time rate wage system and Piece rate wage system. **07**
- (b) Om Gruh Udhyog manufacturing Khakhara. From the following particulars, calculate the earnings of workers Upasna and Sadhana . **07**
- Standard time allowed: 40 units per hour
Normal time rate: ₹60 per hour
Differential Rate to be applied:
- 80% of piece rate when below standard
 - 120% of piece rate at or above standard
- In a particular day of 8 hours,
Upasna produces 280 units(khakhara) while Sadhana produces 330 units (khakhara).

- Q.5** Navdha textile manufacturing company produces fabric through three processes: **Dyeing, Weaving, and Finishing**. Each process has a normal wastage percentage and a different resale value for the waste produced.

The normal wastage of each process is as follows: Dyeing process - 3 per cent, Weaving process-5 per cent and Finishing process- 8 per cent. Wastage of Dyeing process was sold at 25 p.per unit that of Weaving process at 50 p.per unit and that of Finishing process is at ₹1 per unit. 10,000 units were issued to Dyeing process in the beginning of September 2024 at a cost of ₹1 per unit. The other expenses were as follows:

	Process Dyeing	Process Weaving	Process Finishing
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 accounts for Dyeing process and Weaving process. **07**
- b) Prepare the Finishing Process accounts. **07**

Assuming that there were no opening or closing stocks.

OR

Q.5

A transport company, **CityLink Transport**, operates a fleet of **eight buses** between two towns, which are **100 km apart**. Each bus has a seating capacity of **50 passengers**. The following particulars are available for the month of **April 2024**:

- **Wages of drivers, conductors, and cleaners:** ₹48,000
- **Salaries of office and other staff:** ₹20,000
- **Diesel and other oils:** ₹1,20,000
- **Repairs and maintenance:** ₹18,000
- **Taxation and insurance:** ₹32,000
- **Depreciation:** ₹45,000
- **Interest on capital:** ₹35,000

Operational Details:

Actual passengers carried were **85%** of the seating capacity.

- All buses operated every day of the month.
- Each bus made **round trip** per day.

Required :

- | | | |
|----|------------------------------|-----------|
| a) | Total passenger kilometre | 07 |
| b) | Cost per passenger kilometre | 07 |
