

Enrollment No./Seat No.:

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**BBA - SEMESTER - III EXAMINATION - WINTER 2025**

**Subject Code: 1530101**

**Date: 28-11-2025**

**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.**

		<b>Marks</b>
<b>Q.1</b>	Attempt ANY 7	<b>14</b>
	(a) Cost Centre	
	(b) Cost Unit	
	(c) Overheads	
	(d) Job Costing	
	(e) Process Costing	
	(f) Idle Time	
	(g) Re-apportionment	
	(h) Material Turnover Ratio	
<b>Q.2</b>	Multiple Choice Questions ( All Compulsory )	<b>14</b>
	(1) Which of the following is not a method of costing?	
	A. Process costing	
	B. Batch costing	
	C. Standard costing	
	D. Marginal costing	
	(2) Cost centre is defined as:	
	A. A location for sales	
	B. A profit-making unit	
	C. A customer base	
	D. A unit for which cost is ascertained	
	(3) Idle time is classified as:	
	A. Direct labour	
	B. Overhead cost	
	C. Indirect material	
	D. Selling cost	

- (4) Labour Turnover is:  
A. Output per labour hour  
B. No. of workers joining  
C. No. of workers leaving  
D. Rate of replacement in workforce
- (5) Contract costing is suitable for:  
A. Furniture manufacturing  
B. Road construction  
C. Toy making  
D. Biscuit manufacturing
- (6) Which is an indirect expense?  
A. Factory rent  
B. Direct wages  
C. Raw material  
D. Piece wage
- (7) Which of the following is a method of inventory valuation?  
A. FIFO  
B. LIFO  
C. Weighted Average  
D. All of the above
- (8) In process costing, abnormal gain is:  
A. Shown as profit  
B. Ignored  
C. Added to cost  
D. Written off
- (9) Which is not an objective of cost accounting?  
A. Ascertain cost  
B. Fix prices  
C. Record sales  
D. Control cost
- (10) The function of stores department is:  
A. Pay salary  
B. Issue materials  
C. Train workers  
D. Appoint staff
- (11) ABC analysis in inventory control is based on:  
A. Quantity  
B. Value  
C. Type  
D. None
- (12) Which method is used in transport costing?  
A. Job costing  
B. Operating costing  
C. Unit costing  
D. Contract costing

(13) Which of the following is an advantage of cost accounting?

- A. Vague records
- B. No budget tracking
- C. Helps in decision-making
- D. Higher compliance burden

(14) Which costing method is suitable for oil refining?

- A. Job costing
- B. Contract costing
- C. Batch costing
- D. Process costing

**Q.3 (a)** In modern enterprises, materials are of diverse nature. Explain how material codification and classification help in efficient inventory control and cost reduction. 07

**(b) Ishita Appliances Ltd. uses Capacitor C500 in its product line. The material usage is as follows:** 07

- Maximum consumption: 10,000 units/week
- Minimum consumption: 3,000 units/week
- Average consumption: 6,500 units/week
- Reorder quantity: 39,000 units
- Lead time for delivery:
  - Minimum: 3 weeks
  - Maximum: 5 weeks
  - Emergency: 2 weeks

Calculate:

- Reorder Level
- Minimum Level
- Maximum Level
- Average Stock Level
- Danger Level

**OR**

**(a)** Explain overhead absorption in cost accounting. How does over-absorption and under-absorption affect product costing? 07

**(b) Pragna Bearings Pvt. Ltd. uses 90,000 bearings per year at a consistent usage rate of 7,500 units/month. Each bearing costs ₹2.00.** 07

- Ordering cost: ₹25 per order
- Annual carrying cost: 15% of inventory value

Calculate the Economic Order Quantity (EOQ).

**Q.4 (a)** Explain the difference between process costing and job costing. 07

(b) Explain the Costs for Management Decision Making. Any seven. 07

**OR**

(a) Explain the Features of Contract Costing. 07

(b) Elaborate the objectives of cost accounting. 07

**Q.5 (a) MetroBus Transport Services runs 6 luxury buses between two cities 180 km apart. Each bus has a seating capacity of 40 passengers. Expenses for May 2024:** 07

- Staff wages: ₹52,000
- Admin salaries: ₹22,000
- Fuel and oil: ₹1,10,000
- Repairs: ₹15,000
- Insurance and tax: ₹28,000
- Depreciation: ₹42,000

Operational Details:

- Buses ran daily for the month
- Each made a round trip per day
- Occupancy: 90%

Required:

Calculate Total Passenger Kilometres.

(b) From the above information calculate the Cost per Passenger Kilometre. 07

**OR**

(a) You are running manufacturing unit in partnership. Your partner does not understand difference between financial accounting and cost accounting. Explain your business partner difference between two. 07

(b) Define material requisition and purchase requisition with example. 07

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