

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA (Integrated) – SEMESTER –3 • EXAMINATION – WINTER - 2018**

**Subject Code: 2537101****Date: 04/12/2018****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.

- Q.1** (a) What are the main benefits that may be expected from the installation of a costing system in a manufacturing business? **07**
- (b) What is cost accounting? Briefly explain classification of cost with example. **07**
- Q.2** (a) From the following transactions, prepare a Stores Ledger Account using FIFO and Simple Average Method: (Year 2012) **07**

1 July	Opening stock			500 units @ Rs. 20 each
4 July	Purchased	GRN	574	400 units @ Rs. 21 each
6 July	Issued	SR	251	600 units
8 July	Purchased	GRN	578	800 units @ Rs. 24 each
9 July	Issued	SR	258	500 units
13 July	Issued	SR	262	300 units
24 July	Purchased	GRN	584	500 units @ Rs. 25 each
28 July	Issued	SR	269	400 units
GRN= Goods Received Notes; SR = Stores Requisition				

- (b) Write a note on “Classification, allocation, and absorption” of overheads. How does it help in controlling overheads. **07**

**OR**

- (b) Orange Co. manufactures a special product A. The following particulars were collected for the year 2017: **07**

Monthly demand of A	1,000 units
Cost of placing an order	Rs. 100
Annual carrying cost per unit	Rs. 15
Normal usage	50 units per week
Minimum usage	25 units per week
Maximum usage	75 units per week
Reorder period	4 to 6 weeks
Compute from the above: (1) Reorder Quantity; (2) Reorder level; (3) Minimum Level; (4) Maximum level; (5) Average Stock level.	

- Q.3** (a) Explain the following methods of wage payment: **07**
- (i) Taylor’s Different Piece Rate System
- (ii) Rowan Scheme

- (b) The JIT Chemicals Co. supplies you the following details from its cost records:

07

Particulars	Rs.
Stock of raw materials on 1 September 2012	75,000
Stock of raw materials on 30 September 2012	91,500
Direct wages	52,500
Indirect wages	2,750
Sales	2,00,000
Work-in-progress on 1 September 2012	28,000
Work-in-progress on 30 September 2012	35,000
Purchase of raw materials	66,000
Factory rent, rates and power	15,000
Depreciation of plant and machinery	3,500
Expenses on purchase	1,500
Carriage outward	1,000
Advertising	5,000
Office rent and taxes	2,500
Travelers wages and commission	6,500
Stock of finished goods on 1 September 2012	54,000
Stock of finished goods on 30 September 2012	31,000
Prepare a cost sheet giving the maximum possible break up of cost and profit.	

OR

- Q.3 (a) Write a short note on Batch Costing.

07

- (b) A worker produced 200 units in a week's time. The guaranteed weekly wage payment for 45 hours is Rs. 81. The expected time to produce one unit is 15 minutes which is raised further by 20% under the incentive scheme. What will be earning per hour of that worker under Halsey (50% sharing) and Rowan bonus schemes?

07

- Q.4 (a) Distinguish between job costing and contract costing. State the special features of contract costing.

07

- (b) The following direct costs were incurred on Job No. 415 of Standard Radio company:

07

Materials	Rs. 6,010
Wages:	
Deptt	A – 60 hours @ Rs. 30 per hr
	B – 40 hours @ Rs. 20 per hr
	C – 20 hours @ Rs. 50 per hr
Overheads for these three departments were estimated as follows:	
Variable Overheads:	
Deptt	A Rs.15,000 for 1,500 labour hours
	B Rs. 4,000 for 200 labour hours
	C Rs. 12,000 for 300 labour hours
Fixed overheads:	Estimated at Rs. 40,000 for 2,000 normal working hours.
You are required to calculate the cost of Job 415 and calculate the price to give profit of 25% on selling price.	

OR

- Q.4 (a) Write a note on job costing and the industries which adopt job costing.

07

- (b) Distinguish between 'Service costing' and 'Output costing'.

07

- Q.5 (a) What do you understand by operating costs? Describe its essential features and state where it can be usefully implemented.

07

- (b) A transport company is running a fleet of six buses between two towns 75 kms apart. Seating capacity of each bus is 40 passengers. The following particulars are available for the month of June: **07**

Wages of drivers, conductors & cleaners	Rs. 3,600	Taxation, insurance, etc	Rs.2,400
Salaries of office & supervisory staff	Rs. 1,500	Depreciation	Rs.3,900
Diesel & other oils	Rs.10,320	Interest on Capital	Rs.3,000
Repairs & Maintenance	Rs. 1,200		
Actual passengers carried were 80 per cent of the seating capacity. All the buses ran on all days of the month. Each bus made one round trip per day. Find out the cost per passengers-kilometre.			

**OR**

- Q.5** (a) 'The more kilometers you travel with your own vehicle, the cheaper it becomes.' Comment on this statement. **07**
- (b) Distinguish between 'Absolute ton-kms.' and 'Commercial ton-kms.' **07**

\*\*\*\*\*