

UTTARAKHAND OPEN UNIVERSITY, HALDWANI (NAINITAL)



उत्तराखण्ड मुक्त विश्वविद्यालय हल्द्वानी (नैनीताल)

Programme Name-BBA –Third Semester

Programme Code- BBA-16

Course Name- Basic Costing

Course Code-BBA 303

Maximum Marks-30

Session - 2017-18, Summer Last Date of Submission: 31st October 2017

Session - 2017-18, Winter Last Date of Submission: 30th April 2018

Section-A

Section 'A' contains 08 short answer type questions of 4 marks each. Learners are required to answers 4 questions only. Answers of short answer-type questions must be restricted to 250 words approximately.

Discuss the following (1-8) –

1. Importance of Cost Accounting.
2. Cost Centers.
3. Advantages of ABC Technique.
4. Classification of overheads.
5. Characteristics of Process Costing.
6. Calculate the Machine Hour Rate from the following details;
 - i. Cost of machinery Rs 45,000
 - ii. Installation charges Rs 5,000
 - iii. Life of machine 5 years
 - iv. Working hour per year 2,500.
 - v. Repair charges 75% of depreciation.
 - vi. Electric power consumed: 10 units per hour @ 15paise per unit.
 - vii. Lubricant oil Rs 4 per day of 8 hours.
 - viii. Consumable stores @ Rs 10 per day of 8 hours.
 - ix. Wages of machine operator @ Rs 8 per day of 8 hours.
7. From the following information, prepare cost sheet.
Direct material 1,60,000 Direct Labour 45,000 Direct Expenses 15,000 Factory overheads 35,000 Office and administration overheads 20% of works cost Selling and distribution overheads 45,000 Opening stock of finished goods 25,000 Closing stock of finished goods 10,000 Profit on Sales 10%
8. Objectives of inventory control.

Section-B

Section 'B' contains 04 long answer-type questions of 7 marks each. Learners are required to answers 02 questions only.

1. What is cost accounting? Explain the major differences between financial accounting and cost accounting.
2. Using examples, discuss the methods of pricing issues of materials.
3. What are the main features of job costing? Describe briefly the procedure of recording costs under job order costing.
4. X Company has just completed its first year of operations. The unit costs on a normal costing basis are as follows;

| | |
|---|---------------|
| Manufacturing Cost (per unit) | Rs |
| Direct material (2lbs @ Rs 2) | 4 |
| Direct labour (1.5 hrs @ Rs 9) | 13.50 |
| Variable Overhead(1.5 hrs @Rs 2) | 3.00 |
| Fixed overhead (1.5 hrs @Rs 3) | 4.50 |
| Total | 25.00 |
| Selling and Administrative Costs | |
| Variable | Rs 5 per unit |
| Fixed | Rs 1,90,000 |
| During the year, the company has the following activity | |
| Units produced | 24,000 |
| Units sold | 21,500 |
| Units selling price | 42 |
| Direct labour hours worked | 36,000 |

Actual fixed overhead was Rs 12,000 less than budgeted fixed overhead. Budgeted variable overhead was Rs 5,000 less than actual variable overhead. The company used expected actual activity level of 36000 direct labour hours to compute the predetermined overhead rates. Any overhead variance are closed to cost of goods sold.

Required;

- i. Compute the unit costing using Absorption Costing.
- ii. Prepare an absorption costing income statement.