

UTTARAKHAND OPEN UNIVERSITY, HALDWANI (NAINITAL)



उत्तराखण्ड मुक्त विश्वविद्यालय हल्द्वानी (नैनीताल)

Programme Name-BBA –Third Semester

Programme Code-BBA-12

Course Name- Basic Costing

Course Code-BBA 303

Maximum Marks-40

Session -2016-17, Summer

Last Date of Submission: 15th December, 2016

Section-A

Section 'A' contains 08 short answer type questions of 5 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 (1-6) –

1. Importance or Advantages of Cost Accounting
2. Techniques of Costing
3. Advantages of ABC Technique
4. System of Wage Payment
5. Absorption of overheads
6. Procedure of Contract Costing
7. X ltd. provides the following information;

No of employees on 1-1-2014	5,000
No. of employees on 31-12-2014	6,000
No. of employees resigned	500
No. of employees discharged	130
No. of employees replaced	450

Calculate labour turnover rate.

8. From the following information, compute the machine hour rate in respect of Machine No. 10 for the month of January:

Particulars	Amount
Cost of Machine	Rs. 32,000
Estimated scrap value	Rs. 2,000
Effective working life	10,000 hours
Repairs and maintenance over the life period of machine	Rs.2,500
Standing charges allocated to this machine for January	Rs 400
Power consumed by the machine @ Re. 0.30 per unit	Rs.600
The machine consumes 10 units of power per hour.	

Section-B

Section 'B' contains 04 long answer-type questions of 10 marks each. Learners are required to answers 02 questions only.

1. "Cost Accounts are the key to economy in manufacture and are indispensable to the intelligent and economic management of a factory." In light of this statement explain the importance of cost accounts for the management.
2. Distinguish between job costing and contract costing .Can contract costing be applied in a factory? State the special features and the procedure of job cost accounting.
3. The following transactions occurred in the purchase and issue of material;

2 Jan	Purchased	4000 units @ Rs 4000 per unit
20 Jan	Purchased	500 units @Rs 5 per unit
5 Feb	Issued	2000 units
10 Feb	Purchased	6000 units@Rs 6.00 per unit
12 Feb	Issued	4,000 units
2 March	Issued	1,000 units
5 March	Issued	2,000 units
15 March	Purchased	4,500 units @ Rs 5.50 per unit
20 March	Issued	3,000 units

From the above, prepare the Stores Ledger Account in two ways a) FIFO method of charging material issues and b) LIFO Method. What would be the value of stock in hand at the end of the period according to each of the two methods?

4. XY & Co. manufactures a product. The process costing is followed and work-in-progress stocks at the end of each month are valued at FIFO basis.

At the beginning of the month of June, the inventory of work-in-progress showed 400 units, 40% complete, valued as follows:

Material	3,600
Labour	3,400
Overheads	1,000
Total	8,000

In the month of June, materials were purchased for Rs. 75,000. Wages and overheads in the month amounted to Rs.79,800 and Rs. 21,280 respectively. Actual issue of material to production was Rs. 68,500. Finished stock in the month was 2500 units. There was no loss in process.

All the end of the month, the work-in-process inventory was 500 units, 60 percent complete as to labour and overheads and 80% complete as to materials.

Prepare a Process Account for recording the month's transactions and prepare a Process Cost Sheet showing total and units costs.