



UTTARAKHAND OPEN UNIVERSITY, HALDWANI (NAINITAL)
BBA 3rd Semester Assignment

Programme Name-BBA-Third Semester
Course Name-Basic Costing
Maximum Marks-40

Programme Code-BBA-10
Course Code:BBA-303

Last Date of Submission: 15 Jan, 2012

Session: 2011-12 (Summer)

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(1-8)-

1. Advantages of cost accounting for management.
2. Techniques of Costing.
3. ABC Technique.
4. Halsey Plan and Rowan Plan
5. Apportionment and Absorption of Overheads.
6. Procedure of Job Costing.
7. Features of Contract Costing.
8. 'Minimum Level' and 'Ordering Level' with regard to maintenance of stocks.

Section-B

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

Q1. 'Money spent on installing a costing system is not an expense but an investment'. Give your views. Also state the main differences between cost accounting and financial accounting.

Q2.The Building Association is an organisation of persons engaged in the construction Industry. You are retained as cost accountant by the association to answer the following questions:

- a) What are the problems of costing for a costing for a construction industry? How would you deal with them?
- b) Discuss in your answer the apportionment of the cost of plant and machinery and ascertainment of profit on contracts which are not completed at the end of the accounting year.

Q3.Describe the general features of process costing. In what type of industries is process costing generally adopted? Discuss with figures the method of treatment of process loss in process costing system.

Q4. A budgeted profit statement of a company working at 75% capacity is provided to you below,

Sales 9,000 units at Rs. 32 Rs.		2,88,000
Less: Direct materials	54,000	
Direct wages	72,000	
Production overhead:		
• fixed	42,000	
• variable	18,000	
		1,86,000

Gross profit 1,02,000

Less: Administration, selling and distribution costs:

- fixed 36,000
- varying with sales volume 27,000

63,000

Net profit

39,000

You are required to:

(a) Calculate the breakeven point in units and in value.

(b) It has been estimated that:

(i) If the selling price per unit were reduced to Rs. 28, the increased demand would utilise 90% of the company's capacity without any additional advertising expenditure, and

(ii) to attract sufficient demand to utilise full capacity would require a 15% reduction in the current selling price and a Rs. 5,000 special advertising campaign.

You are required to present a statement showing the effect of the two alternatives compared with the original budget and to advise management which of the three possible plans ought to be adopted, i.e., the original budget plan or (i) above or (ii) above.

(c) An independent market research study shows that by spending Rs. 15,000 on a special advertising campaign, the company could operate at full capacity and maintain the selling price at Rs. 32 per unit.

You are required to:

(i) Advise management whether this proposal should be adopted.

