

ECO - 10

**Bachelor's Degree Programme
(BDP)**

**ASSIGNMENT
2013-14**

**Elective Course in Commerce
ECO – 10: ELEMENTS OF COSTING**

For July 2013 and January 2014 admission cycle



**School of Management Studies
Indira Gandhi National Open University
Maidan Garhi, New Delhi -110 068**

Elective Course in Commerce
ECO – 10: Elements of Costing
ASSIGNMENT- 2013-14

Dear Students,

As explained in the Programme Guide, you have to do one Tutor Marked Assignment in this Course.

Assignment is given 30% weightage in the final assessment. To be eligible to appear in the Term-end examination, it is compulsory for you to submit the assignment as per the schedule. Before attempting the assignments, you should carefully read the instructions given in the Programme Guide.

This assignment is valid for two admission cycles (**July 2013 and January 2014**). The validity is given below:

1. Those who are enrolled in **July 2013**, it is valid upto **June 2014**.
2. Those who are enrolled in **January 2014**, it is valid upto **December 2014**.

You have to submit the assignment of all the courses to **The Coordinator of your Study Centre**. For appearing in **June Term-end Examination**, you must submit assignment to the Coordinator of your study centre **latest by 15th March**. Similarly for appearing in **December Term-end Examination**, you must submit assignments to the Coordinator of your study centre **latest by 15th September**.

TUTOR MARKED ASSIGNMENT

Course Code	:	ECO - 10
Course Title	:	Elements of Costing
Assignment Code	:	ECO – 10/TMA/2013-14
Coverage	:	All Blocks

Maximum Marks: 100

Attempt all the questions.

1. How can you install a system of costing in an organization? What are the general factors to be considered before installing the system? What are the practical problems that come across and how to overcome them? (20)

2. (a) From the following information calculate:
 - i. Minimum Stock Level
 - ii. Maximum Stock Level
 - iii. Re-ordering Level

Time required for delivery	3 to 5 weeks
Maximum consumption	6,000 units
Minimum consumption	2,000 units
Normal consumption	4,000 units
Re-order quantity	28,000 units

- (b) Following is an extract of the record of receipts and issues of X material in a factory in the month of March 2012.

March 1 Opening balance 1000 kg @ Rs. 20 per kg.
March 2 Issue 140 kg.
March 3 Issue 200 kg.
March 7 Issue 160 kg.
March 12 Received from supplier 400 kg. at Rs. 18 per kg.
March 15 Returned from production center to store 30 kg.
March 17 Issue 360 kg.
March 20 Received from a supplier 480 kg at Rs. 21 per kg.
March 23 Issue 230 kg.
March 25 Received from the supplier 640 kg @ Rs. 19 per kg.
March 27 Issue 230 kg.
March 28 Returned to store 30 kg.
March 29 Received form the supplier 200 tonne at Rs. 22 per kg.

Issues are to be priced on FIFO method. It was also found that there was a storage of 10 units on 16th and 20 units on 26th of March. (10+10)

3. The Product 'Y' is obtained after it passes through three distinct processes. The following information is available for the period of one month ending 31 December 2012

Particulars	Process A	Process B	Process C
Material Consumed	6,000	2,000	2,000
Direct labour	4,000	3,000	3,000
Manufacturing Exps	1,000	2,000	1,000
10,000 units introduced in Process A at the cost of Rs.8,000. There was not stock of work-in-progress in any process. The following additional Data is also available.			
Process	Output (Units)	Percentage of Material loss	Scrap value per unit
I	9800	2%	5 Paise
II	9200	5%	20 Paise
III	9350	10%	10 Paise

Prepare Process Account, Normal Loss & Abnormal Loss & Abnormal Gain Account. (20)

4. The following information relates to a building contract for Rs. 5, 00, 000.

Items	2011 (Rs.)	2012 (Rs.)
Material issued	1,50,000	42,000
Direct wages	1,15,000	52,500
Direct expenses	11,000	5,000
Indirect expenses	3,000	700
Work certified	3,75,000	5,00,000
Work uncertified	4,000	-
Material at cost	2,500	3,500
Plant issued	7,000	1,000
Cash received form contractor	3,00,000	5,00,000

The value of the plant at the end of 2011 and 2012 was Rs. 3,500 & 2,500 respectively. You are required to prepare:

- Contract account for the years 2011 and 2012
- Contractee account

5. Distinguish between the following:

- Allocation and Apportionment of overheads.
- Job costing and Process costing.
- Halsey Premium Plan and Rowan Plan
- Bin Card and Store Ledger.

(5x4)