

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

**ASSIGNMENT
2015-16**

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

For July 2015 and January 2016 admission cycle



**School of Management Studies
Indira Gandhi National Open University
Maidan Garhi, New Delhi -110068**

Elective Course in Commerce
ECO – 10: Elements of Costing

ASSIGNMENT- 2015-16

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 2015 and January 2016**). The validity is given below:

1. Those who are enrolled in **July 2015**, it is valid up to **June 2016**.
2. Those who are enrolled in **January 2016**, it is valid up to **December 2016**.

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/2015-16
Coverage	:	All Blocks

Maximum Marks: 100

Attempt all the questions.

1. Define Cost Accounting. What are its main objectives? How does it help in planning and control of business operations of an enterprise? (20)

2. (a) Two components A and B are used as follows:

Normal usage	50 per week each
Minimum usage	25 per week each
Maximum usage	75 per week each
Re-order quantity	A 300 B 500

Calculate for each component

- (i) Re-order level (ii) Minimum level (iii) Maximum level

- (b) What is meant by perpetual inventory control system? Describe its advantages. (10+10)

3. Define overheads. Discuss various principles of apportionment of overheads. Give few examples of the bases used for apportionment. (20)

4. Explain the need for reconciliation of cost and financial accounts. Describe the procedure to be adopted for their reconciliation. (20)

5. X Manufacturing Company's product passes through two distinct processes A and B then to Finished Stock. It is known from past experience that wastage occurs in the process as follows: in Process A, 5% of the units entering the process and in Process B, 10% of the units entering the process. The scrap value of wastage in process A is Rs. 16 per 100 units and in Process B is Rs. 20 per 100 units. The process figures are:

	Process A	Process B
	Rs.	Rs.
Materials consumed	6,000	3,000
Wages	7,000	4,000
Manufacturing Expenses	2,000	2,000

5,000 units were brought into Process A, costing Rs. 5,000. The outputs were: Process A=4,700 units, Process B=4,150 units. Prepare Process Accounts showing the cost of the output. (20)