



**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD
(Department of Commerce)**

COST ACCOUNTING (462)

CHECK LIST

SEMESTER: AUTUMN, 2012

This packet comprises following material:-

1. Text book (One)
2. Assignment No. 1 & 2
3. Assignment forms (Two sets)
4. Schedule assignment submission and tutorial meetings.

If you find anything missing in this packet, please contact at the address given below:

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(Department of Commerce)

WARNING

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

Note: You are required to solve all questions if you are unable to understand any question of assignment, do seek help from your concerned tutor. But keep in mind that tutors are not supposed to solve the assignment questions for you.

Course: Cost Accounting (462)
Level: BA/B.Com

Semester: Autumn, 2012
Total Marks: 100

ASSIGNMENT No. 1
(Units 1–4)

Note: All questions are compulsory.

- Q.1 Discuss the main objectives of cost accounting. Explain the term "Cost" and its various classifications in detail. (20)
- Q.2 A company that uses a perpetual inventory system had the following transactions during June. (20)

June 1	Beginning balance 200 units @ Rs.3.00 per unit
2.	Purchased 500 units @ Rs. 3.20 per unit
7.	Issued 400 units
11.	Purchased 300 units @ Rs. 3.30 per unit
14.	Issued 400 units
17.	Purchased 400 units @ Rs. 3.30 per unit
21.	Issued 200 units
24.	Purchased 300 units @ Rs. 3.40 per unit
26.	Purchased 400 units @ Rs. 3.50 per unit
29.	Issued 600 units.

You are required to prepare the perpetual inventory card using following cost flow assumption:

1. LIFO
2. FIFO
3. Average

Q.3 From the following data you are required to computer the overhead absorption rates on the various possible bases. (20)

Total estimated overhead	Rs. 4 00000
Estimated units to be produced	10000 Units
Estimated direct labor hours	10000 Hours
Estimated machine hours	48000 Hours
Estimated direct labor cost	Rs. 500000
Estimated direct material cost	Rs. 400000

Q.4 Explain the different types of remuneration and incentive plans. What are the basic principles of incentive schemes? (20)

Q.5 The December 31, 19B trial balance of Crockett Company showed: (20)

Sales	Rs. 145005	Sales returns & Allowances	Rs. 252
Purchases (net)	24000	Factory overhead	18856
Transportation in	320	Advertising expense	1550
Direct labour	32040	Delivery expense	650
Sales salaries	2000		

Inventories	December 31, 19B	December 31, 19A
Fishing goods	Rs. 5674	Rs. 6200
Work in process	1368	1298
Materials	1960	1760

Required: Determine (i) the total manufacturing cost, (ii) the cost of goods manufactured, (iii) the cost of goods sold and (iv) net Profit

ASSIGNMENT No. 2 (Units 5–9)

Q.1 Define budget. Describe the various types of budgets which are commonly prepared in a manufacturing organization. (20)

Q.2 For December, the Production Control Department of Lauren Chemical Inc. reported the following production data for Department 2: (20)

Transferred in from Department 155000 liters
 Transferred out to Department 339500 liters
 In process at end of December (with 1/3 labour and factory overhead)..... 10500 liters

All materials were put into process in Department 1. The cost Department collected these figures for Department 2:

Unit cost for units transferred in from Department 1.....	Rs. 1.80
Labour cost in Department 2.....	27520
Applied factory overhead.....	15480

Required: Prepare a cost of production report for Department 2 for December.

Q.3 The following data pertain to the first week of operations during the month of June: (20)

Materials:	Actual purchases	1500 units at Rs. 3.80 per unit
	Actual usage	1350 units
	Standard usage	1020 hours at Rs. 4.00 per unit
Direct Labor:	Actual hours	310 hours at Rs. 12.10 per hour
	Standard hours	340 hours at Rs. 12.00 per hour

Required: Compute the following variance indicating whether the variances are favourable or unfavourable:

- i. Materials purchase price variance
- ii. Materials quantity variance
- iii. Labor rate efficiency variance
- iv. Labor efficiency variance

Q.4 The following data is extracted from the books of ABC Shoe Company for the year 2004. The company sold 1200 units during the year. (20)

Variable cost per unit is Rs. 60
 Fixed cost is Rs. 40000
 Sale price per unit is Rs. 100

Calculate: (i) Breakeven point (ii) Margin of safety in units
 (iii) Operating profit

Q.5 How standards are set? Highlight the points that are considered while developing the standards. (20)