



Department of Education, Sabaragamuwa/weekly school

week- March 2

Subject-Accounting

Grade-13

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Competency 14.0 – Evaluation of Basic Concepts of Management Accounting.

Competency Level 14.6 –Absorbs overhead cost to a production.

(i) State whether the following statement is true / false

- Total overhead cost means the addition of indirect material, indirect labour and indirect other expenses which cannot be directly identifiable for a cost unit or product.

(2) Classify the following overhead cost as production or non production.

- Advertising, factory rent, machine depreciation, Electricity, factory insurance, sales commission, fuel, factory wages, office salaries

(3) Selection of correct sequence of distribution of general overhead cost.

1. Collection of cost, allocation, apportionment
2. Collection of cost, allocation, apportionment and absorption.
3. Source document, apportionment and absorption
4. Collection of cost, allocation, apportionment and absorbs to cost unit
5. Collection of cost, primary distribution, secondary distribution and absorption.

(4) Explain in brief

1. Primary distribution of overheads
2. Secondary distribution of overheads

