ASSIGNMENT

A jeweler produces 100,000 units of lockets each year with the following per unit costs: direct material of Rs 15, direct labor of Rs. 17.50, variable overhead cost of Rs. 5 per unit and Fixed Manufacturing Overhead Cost of Rs. 15,00,000. The company also has variable selling and administrative costs of Rs. 2.50 per unit sold, and fixed selling and administrative costs of Rs. 5,00,000. The selling price of each locket is Rs.100.

- In year 1, all 1,00,000 units that are produced are sold
- In the next year, the production remains same, but due to a very slow Christmas season only 80,000 units are sold
- In year3, the production is again constant at 1,00,000 units, but sales are increased to 1,20,000 units.

1. Calculate the cost per unit using absorption costing and variable costing
2. Produce income statement using absorption costing and variable costing