TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT
Office of the Dean
September 2018

Full Marks: 60
Pass Marks: 27
Time: 3 Hrs.

BBA / BIM / Fourth Semester / ACC 202: Cost and Management Accounting

Candidates are required to give their answers in their own words as far as practicable.

Attempt ALL questions

Group "A"

Brief Answer Questions: *[5 × 2 = 10]*

1. Define semi-variable cost with suitable example.

2. The following cost and output details are provided to you:

Cost (Rs.)	80,000	1,40,000
Output (Units)	6,000	12,000

Required: Total cost for 15,000 units.

3. The following information is provided:

Annual requirement	12,000 units
Cost of placing an order	Rs 30
Purchase price per unit	Rs 5
Carrying cost	10% of inventory value.

Required: EOQ and total cost at EOQ.

4. A worker produced 100 units in 180 hours. Standard time allowed for one unit is two hours at a wages rate of Rs. 100 per hour.

Required: Total wages under Halsey and Rowan Plan.

5. The following overheads are extracted from the company:

Rent	Rs 20,000
Depreciation	Rs 50,000

Other details are:

	Department 'A'	Department 'B'
Assets value	Rs 2,00,000	Rs 3,00,000
Area in sq. ft.	100	300

Required: Total overheads for department 'A' and 'B'

Group "B"

Short Answer Questions: *[4 × 5 = 20]*

6. A Ltd. Co. produces and sells two products A and B and provides you the following information:

	Product A	Product B
Selling price per unit	Rs 30	Rs 60
Variable cost per unit	Rs 10	Rs 20
Sales mix ratio	5,000 units	4,000 units
Total fixed cost	Rs 150,000	

Required: a) Overall BEP units and BEP units for each product.

b) Overall BEP units if sales mix is 4,000 of A and 5,000 of B.

7. Following cost detail is extracted from the books of a factory:

Normal Capacity	2,000 units
Units Produced	2,500 units
Units Sold	3,000 units
Opening Stock	700 units
Direct Material Cost	Rs 10 per unit
Direct Wages	Rs 5 per unit
Variable Mfg Overhead	Rs 4 per unit
Fixed Mfg Overhead	Rs 20,000
Administrative and Selling Overheads	Rs 5 per unit (40% fixed)
Selling Price	Rs 50 per unit

Required: a) Income Statement under Absorption Costing

b) Reconciled Profit under Variable Costing

8. A manufacturing company provided the following particulars:

	Standard	Actual
Material A Material B	500 kg @ Rs 40 1,000 kg @ Rs 70	700 kg @ Rs 45 800 kg @ Rs 65
Total	1,500 kg	1,500 kg
Normal loss	150 kg	200 kg
	1350 kg	1300 kg

Required: Possible Material Variances.

9. Give five points of differences between cost accounting and management accounting.

Group "C"

Comprehensive Answer Question:

10. Given below the Balance Sheet on 31st Chaitra, 2074: *[30]*

Liabilities	Rs.	Assets	Rs.
Share capital	5,00,000	Machinery	4,00,000
Retained earning	80,000	Account receivable	1,50,000
Sundry creditors	90,000	Inventories	1,80,000
Debentures	1,00,000	Cash	40,000
Total	7,70,000		7,70,000

Gross profit averages 30% of sales. The company has a policy of maintaining sufficient inventory to meet the next month's sales need. Experience shows that all purchases are paid in the next month of purchase.

The actual and budgeted sales for different month are as follows:

Months	Sales (Rs.)
Falgun (Actual)	5,00,000
Chaitra (Actual)	5,50,000
Baishak (Budgeted)	6,00,000
Jestha (Budgeted)	5,50,000
Ashad (Budgeted)	5,00,000
Shrawan (Budgeted)	6,00,000

25% Sales are for cash. Out of credit sales, 50% are collected in the month of sales. 30% in the next month of sales and remaining is collected next following month of sales. Office and selling expenses will be 10% and 5% of sales respectively, which is payable in the same month. Company is going to purchase machinery at the beginning of the Baishak costing Rs 1,00,000 and issue of share of Rs 2,00,000 during the month of Ashad. The company keeps minimum cash balance of Rs 50,000. If the cash is not sufficient, the company can borrow from bank in the multiple of Rs 5,000 with 12% interest per annum on loan paid. All the repayment are made in the multiple of Rs 1,000 and the interest will be paid in the multiple of Rs 100. Depreciation rate per annum is 10%.

Required: (a) Merchandise purchase budget for three month ending Ashad.

(b) Office and selling expenses budget for three months ending Ashad.

(c) Cash budget for three months ending Ashad.

(d) Budgeted income statement up to Ashad.

(e) Budgeted balance sheet at the end of the Ashad.

(f) Total variable cost.

(g) Profit Volume Ratio (PVR).

[5+2+8+5+5+3+2]

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