TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT
Office of the Dean
2016

Full Marks: 60
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 Differentiate between controllable and uncontrollable cost.

2. manufacturing company's cost structure at two different levels of outputs are:

Output (Units)	Total Cost (Rs.)
200	600
400	800
600	1,000

Required: Cost for 800 units using High Low Method

3. The following information is provided:

Annual requirement	10,000 units
Cost of placing an order	Rs 100
Purchase price per unit	Rs 20

Carrying cost is 10% of inventory value

Required: Total cost at economic order quantity

4 A worker working 60 hours gets Rs 1,400 under Rowan Plan. The time rate of wages is Rs 20 per hour.

Required: Total wages under Halsey Plan

5 The following overheads are extracted from the company:

Welfare	Rs 45,000
Depreciation	Rs 120,000

Other details are:

	No. of employees	Assets Value (Rs.)
Department X	15	400,000
Department Y	30	800,000

Required: Total overhead of departments X and Y

Group "B"

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

6 "Management accounting provides monetary and non-monetary information for decision making", explain.

7. A company produces two products A and B from a common input in a joint processing operation. Joint processing costs up to the split off point are Rs 250,000 per year. The company allocates these costs to the joint products on the basis of their sales value at the split off point. Further information regarding the products up to split off point are as follows:

Products	Output (units)	SPPU (Rs)	Sales (Rs)
A	20,000	10	200,000
B	20,000	15	300,000

Product 'C' can be obtained by further processing of product 'A' which can be sold in the market at Rs 15 per unit. The normal loss in processing of 'A' is 10% and additional cost in processing is Rs 80,000

Required: (a) Profit at split off point of product 'A' and 'B'.

(b) Should the product 'A' be further processed into product 'C'?

A manufacturing company had the following relevant information:

Direct Material	Rs 6
Direct Labour	Rs.3
Variable Manufacturing Cost per Unit	Rs 2
Selling Price per Unit	Rs 20
Fixed Manufacturing Overhead per Unit	Rs 4
Fixed Selling Expenses	Rs 30,000
Variable Selling Expenses	5 % of Sales
Normal Capacity	30, 000 units

	Year 1	Year 2
Production Units	32,000	32,000
Sales Units	30,000	30,000

Required: (a) Income Statement under variable costing system for year 2.

(b) Profit from absorption costing system without preparing income statement.

The following information of a manufacturing company is provided:

Standard:

Labour	Number	Rate per hour
Skill	50	Rs 8
Unskill	60	Rs 9

Actual:

Labour	Number	Rate per hour
Skill	40	Rs 7
Unskill	70	Rs 8

50 hours a week needed to work and paid. Actual output produced 490 units. Standard output per hour is 10 units

Required: Different Labour Variances

Group "C"

Comprehensive Answer Question: ***[30]***

10. The Financial Statement of a renowned company on 31st December, 2014 was:

Balance Sheet As on 31st December, 2014

Liabilities	Rs.	Assets	Rs.
Share Capital	500,000	Fixed Assets	150,000
Account Payable	350,000	Investment	186,000
Tax Payable (due in January)	50,000	Account Receivable	244,000
Retained Earning	50,000	Inventories	350,000
		Cash Balance	20,000
Total	950,000	Total	950,000

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.

Fixed expenses are:

Salaries Rs 15,000 per month

Rent Rs 10,000 per month

Variable selling expenses is 5% of sales which will be paid same month

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

Months	Sales (Rs)
November (Actual)	400,000
December (Actual)	450,000
January (Budgeted)	500,000
February (Budgeted)	450,000
March (Budgeted)	500,000
April (Budgeted)	450,000

20% 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.

Company is going to purchase equipment at the beginning of the January costing Rs 150,000 and issue share capital of Rs 180,000 during the month of March. The company keeps minimum cash balance of Rs 20,000. 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 repayments are made in the multiple of Rs 1,000 and the interest will be paid in the multiple of Rs 100. Depreciation rate per year is 10%.

Required: (a) Merchandize Purchase Budget for three months ending March

(b) Selling and Administrative Expenses Budget for three months ending March

(c) Cash Budget for three months ending March

(d) Budgeted Income Statement up to March

(e) Budgeted Balance Sheet at the end of the Marche

(f) Value of fixed and variable costs

(g) Breakeven sales in Rs.

(h) Sales required to earn after tax profit of Rs.37, 500 if tax rate is 25%[5+2+8+4+4+2+3+2]

✲✲✲