

NIST COLLEGE, Banepa

First Terminal Examination, 2080

BIM/ Second Year/ Fourth Semester

Course Title: Cost Management Accounting

F.M.: 60

Bachelor in Information Management

Time: 3hrs.

P.M.: 30

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

Attempt all questions

Group 'A'

Brief answer questions

(5×2=10)

1. Write the characteristics of fixed cost
2. The following information is provided:
Economic order quantity = 600 units
Cost per unit = Rs.20
Carrying cost is 10 % of inventory value

Required: ordering cost per order

3. Eva paper house produced 5,000 reams of paper in the current month at a cost of Rs.124 per ream. the cost per ream will be Rs.115 if the paper house produced 8,000 reams in the coming month.

Required: variable cost per ream and monthly total cost of Eva paper house.

4. The standard time fixed for a job is 50 hours. The hourly rate of guaranteed wage is Rs.10 per hour. Actual time spend is 35 hours.

Required: total wages earned by the worker under Rowan plan.

5. You are given the following information regarding cost and the operation of factory:

Direct labor hour worked6,000 hours
Machine hour operated4,000 hours
Total overheadsRs.3,00,000

Required: a. overhead rate per direct labor b. overhead rate per machine hour

Group 'B'

Short answer questions:

(4×5=20)

6. The expenses of a garment factory are given below:

Fuel	Rs.75,000	Welfare and cafeteria.....	Rs.60,000
Rent and lighting	Rs.30,000	Insurance of property.....	Rs.50,000

Other information

	Production department		Service department
	P1	P2	
Number of staff	20	15	5
Area used in Sq.ft.....	3,500	3,000	500
Value of properties	5,00,000	4,00,000	1,00,000
Machine hours	16,000	9,000

The service department has provided service to production department P1 and P2 in the ratio of 3:2

Required: a. Statement of overhead distribution summary
b. Overhead rate per machine hours.

7. Following are the information provided to you by Nepal manufacturing company.

Working hours per day 8 hours
Normal time rateRs.36 per hour

Standard production 6 units per hour

Output of the workers

Bijay..... 50 units

Krisna70 units

Suman.....62 units

Required: total wages per day under Gantt's task and bonus system.

8. Distinguish and give example of standing charge and operating charge.

9. A company has three trucks carrying capacity of a truck is 8 tons. Everyday the truck carries goods to and from the cities having a distance of 20 kilometers a part each way. Full freight is available on the outward trip and 25% on returning journey. A truck makes 5 round trips per day

Required : a. Total km per month

b. Total km tons per month for the company.

Group 'C'

Comprehensive Answer questions:

(15×2=30)

10. A company is working for minimum investment in inventory. the annual demand will be 1,47,000 units in the next year, the cost estimated for receiving a delivery is Rs.500. The estimated storage cost including opportunity cost of the investment associated with stock is Rs.3 per unit per year.

Required : Economic order quantity, no of order and total cost at EOQ by using trail and error method.

11. Nepal life company has two production departments X and Y and one service departments S, other

Details	Total (RS)	production departments		Service Department S
		X	Y	
Direct materials cost	1,00,000	50,000	30,000	20,000
Direct labor cost	60,000	30,000	20,000	10,000
Direct expenses	30,000	15,000	10,000	5,000
Area in square meter	7,000	4,000	2,000	1,000
Lighting points	60	30	20	10
Assets value of plant	2,00,000	1,00,000	60,000	40,000
Horse power	120	60	40	20
No. of employees	200	100	60	40

Items of overhead	Amount(RS)
Rent and rates	38,500
Depreciation	24,000
Welfare and canteen expenses	3,200
Power expenses	18,000
Electricity expenses	7,200

The production department X and Y and one service department S1 other relevant data are provided as under:

The service department rendered services to production department X and Y in the ratio of 7:3

Required : Statement of apportionment of overhead