Year 2015

2015

Time: 3 Hrs.

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. Write briefly about Cost Accounting.

2. Write about any two needs for control of labour cost.

3. The annual requirement of raw materials of a workshop is 60,000 kg. The costs for each order placement are Rs 1,000 and the yearly storage holding costs per kg are Rs 30. Suggest the workshop for economical order quantity.

4. A factory incurred total overheads amounting to Rs 200,000 for 80,000 machine hours of operations in the last month. The factory completed a job with 25,000 machine hours operations in the current month by incurring material costing Rs 75,000 and labour costing Rs 50,000. Determine the total costs needed to be charged for the job if machine hour rate is adopted.

5. 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 produces 8,000 reams in the coming month.

   Required: Variable cost per ream and monthly total fixed cost of Eva Paper House

Group "B"

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

6. **Aty Industry** plans to sell 90,000 units of product P and 30,000 units of product Q in the current year. The selling price per unit and P/V ratio of those two products are as follows:

	P	Q
Selling price per unit	Rs 64	Rs 80
P/V ratio	0.25	0.40
Separate fixed costs	Rs 500,000	Rs 700,000

The industry's annual joint fixed costs are Rs 400,000.

Required:
a. The industry's overall BE sales in units
b. The profit of the industry for its current year's planned sales

7. The variable costs per unit of a factory are as follows:

   Materials and labour costs are Rs 12
   Factory overhead is Rs 8
   Selling and distribution overheads are Rs 4

The factory has 4,000 units of inventory in the beginning of the current year. It produced 48,000 units and sold 50,000 units @ Rs 40 per unit during the current year.

The factory's annual normal capacity output is 50,000 units. The factory's annual fixed factory overheads are Rs 350,000. The annual fixed office overheads are Rs 250,000 and annual fixed selling and distribution overheads are Rs 100,000.

Required: Absorption costing income statement

8 The usages of materials and its costs recorded in the job card of a manufacturing firm are as follows:

	Standards		Actual		
Materials	Quantity	Cost per kg	Materials	Quantity	Cost per kg
X	2,600 kg	Rs 10	X	2,500 kg	Rs 10
Y	1,400 kg	Rs 12	Y	2,000 kg	Rs 14
Standard loss expected is 10 %			**Actual loss recorded is 6 %**		

Required: Material output variance, Material quantity variance, Material composition variance and Material price variance

9 Electrical Appliances Factory's costs for three-pin plug and the screw for the three-pin plug are as follows:

	Three-pin plug	Screw
Material costs	Rs 10.00	Re 2.00
Labour costs	8.00	1.00
Variable factory overheads	6.00	0.50
Total	24.00	3.50

The annual fixed work overheads of the factory are Rs 125,000.

The selling price of each three-pin plug is Rs 30.

The screws needed for the three-pin plugs are available in the local market @ Rs 4.

The factory has been producing 100,000 three-pin plugs and the production will increase upto 140,000 three-pin plugs in a year since the capacity spared because of purchasing screws can be used in the production of the three-pin plugs.

Required: Decision to make or buy the screws by showing differential costs analysis

Group "C"

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

10. The balance sheet of a company as of Ashad 31, 2072 is as follows:

Equities	Rs.	Assets	Rs.
Equity share capital	3,200,000	Business Premises	960,000
Retained earnings	235,000	Plants	
Payables	510,000	(Original costs being Rs.1,200,000)	840,000
9 % Bonds payable	200,000	Inventory:	
		Finished goods for 5,000 units	400,000
		Raw materials for 104,000 kg	520,000
		Receivables	1,400,000
		Cash	25,000
Total	**4,145,000**	**Total**	**4,145,000**

The actual sales of Jestha and Ashad of 2072 of the company and the projected sales of the next five months are as follows:

	Actual sales		Projected sales				
	Jestha	Ashad	Shrawan	Bhadra	Ashwin	Kartic	Manshir
Sales units	20,000	25,000	25,000	30,000	30,000	35,000	35,000

The selling price per unit of finished goods is Rs 100 which is expected to remain unchanged in the coming six months.

The sales will be 60 % in cash and rest 40 % on credit. The credit sales equal to 50 % will be realized in the next month and rest 50 % in the next two months.

The raw materials required for one unit of finished goods will be 8 kg and the cost per kg of raw materials will be Rs 5. The raw materials purchases will be 50 % by paying cash and rest 50 % on credit which will have to be paid in the next month.

The factory maintains raw materials inventory equal to 50 % of the next month's raw materials usages and for finished goods it maintains 20 % of the next month's projected sales.

Five direct labour hours (DLH) will be needed for processing each unit of output and wage rate per DLH will be Rs 5 which will have to be paid in the same month when such wages arise.

The variable factory overheads for one unit will be Rs 15 and variable selling and distribution overheads will be Rs 10 per unit sold. Both the overheads are needed to be paid in the same month. The overall annual fixed overheads excluding depreciation will be Rs 2,400,000 payable proportionately on monthly basis.

The 9 % Bonds mature by the end of Shrawan 2072 therefore needed to be paid with interest.

The monthly minimum cash balance should not fall below Rs 25,000.

The company has already issued 4,000 equity shares of Rs.100 par value on which the subscribers of the equity shares have promised to deposit share amount by the end of Shrawan 2072.

The plants depreciate @ 10 % p.a. on straight-line basis.

The factory has line of negotiation with its commercial bank that facilitates to obtain bank borrowing in the multiples of Rs 5,000 and repayment in the multiples of Rs 1,000. The bank charges 6 % p.a. interest on the outstanding borrowing on monthly basis.

Required: (a) Production budget for Shrawan, Bhadra and Ashwin of 2072

(b) Raw materials purchase costs budget for Shrawan, Bhadra and Ashwin of 2072

(c) Labour cost budget for Shrawan, Bhadra and Ashwin of 2072

(d) Cash collections and disbursements budget for Shrawan, Bhadra and Ashwin of 2072

(e) Budgeted Income Statement for the three months ended Ashwin 2072

(f) Budgeted Balance sheet as of Ashwin end of 2072. **[3+3+3+10+6+5=30]**

Year 2016

Time: 3 Hrs.

2016

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'?

9. 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]

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