

Shahjalal University of Science & Technology, Sylhet.  
Institute of Information & Communication Technology (IICT)  
BSc. in Software Engineering Program; (2/1) Session: 2021-2022  
Semester Final Examination

Course Code: BUS 201W (SWE)  
Time: 03 Hours

Course Title: Cost & Management Accounting  
Total Marks: 100

(Answer any 02 (Two) questions from each of the following Groups. Marks in the margin indicate full marks. All the parts of a question must be answered chronologically)

**Group: 'A'**

01. (a) Define Cost Accounting and Management Accounting. Discuss similarities & dissimilarities between the two disciplines and explain their roles in supporting decision-making within organizations. 10
- (b) Explain the significance of cost control and cost reduction strategies in modern business environments. 05
- (c) How does the globalization of markets impact cost and management accounting practices? 05
- (d) Describe the role of technology in shaping contemporary cost and management accounting techniques. 05
02. (a) Discuss the various methods of cost classification used in Cost & Management Accounting, such as by function, behavior, and traceability. 05
- (b) Various cost and sales data for Meriwell Company for the just completed year appear in the work-sheet below: 20

Finished goods inventory, beginning	\$ 20,000
Finished goods inventory, ending	\$ 40,000
Administrative expenses	\$ 1,10,000
Manufacturing overhead	\$ 1,05,000
Purchases of raw materials	\$ 1,25,000
Raw materials inventory, beginning	\$ 9,000
Raw materials inventory, ending	\$ 6,000
Direct labor	\$ 70,000
Work-in-process inventory, beginning	\$ 17,000
Work-in-process inventory, ending	\$ 30,000
Sales	\$ 5,00,000
Selling expenses	\$ 80,000

Of the \$1, 05,000 of manufacturing overhead, \$15,000 is variable and \$ 90,000 is fixed.

**Required:**

- Prepare a schedule of cost of goods manufactured.
  - Prepare an income statement.
03. (a) Briefly explain about semi variable cost, fixed cost and total cost. 05
- (b) Does the concept of the relevant range apply to fixed costs? Explain. 05
- (c) What is the major advantages and disadvantages of high low method? 05
- (d) The number of X-rays taken and X-ray costs over the last nine months in Beverly Hospital are given below: 10

Month	X- Rays taken	X-Ray Cost
January	6,250	\$ 28,000
February	7,000	29,000
March	5,000	23,000
April	4,250	20,000
May	4,500	22,000
June	3,000	17,000
July	3,750	18,000
August	5,500	24,000
September	5,750	26,000



**Required:**

- (i) Using the high-low method, estimate the cost formula for X-ray costs.
- (ii) Using the cost formula you derived above, what X-ray cost would you expect to be incurred during a month in which 4,600 X-rays are taken?

**Group: 'B'**

04. (a) Analyze the role of cost-volume-profit (CVP) analysis in managerial decision-making. 05
- (b) Lin Corporation has a single product whose selling price is \$ 150 and whose variable expense is \$ 80 per unit. The company's monthly fixed expense is \$ 50,000.

**Required:**

- (i) Using the equation method, solve for the unit sales that are required to earn a profit of \$ 20,000. 08
- (ii) Using the formula method, solve for the unit sales that are required to earn a target profit of \$ 15,000.
- (c) Mauro Products distributes a single product, a woven basket whose selling price is \$ 15 and whose variable expense is \$ 12 per unit. The company's monthly fixed expense is \$ 4,200. 12

**Required:**

- (i) Solve for the company's BEP in unit sales using the equation method.
- (ii) Solve for the company's BEP in sales dollars using the equation method and the CM ratio.
- (iii) Solve for the company's BEP in unit sales using the formula method.
- (iv) Solve for the company's BEP in sales dollars using the formula method and the CM ratio.

05. (a) What is the basic difference between absorption costing and variable costing? 06
- (b) Are selling and administrative expenses treated as product cost or as period cost under variable costing? 05
- (c) Consider XYZ Company, a small company that produces a single product and has the following cost structure: 14

Number of units produced each year.....	8000
Variable costs per unit:	
Direct materials.....	\$2
Direct labor.....	\$4
Variable manufacturing overhead.....	\$1
Variable selling and administrative expenses.....	\$3
Fixed cost per year:	
Fixed manufacturing overhead.....	30,000
Fixed selling and administrative expenses.....	10,000

**Required:**

- (i) Compute the unit product cost under absorption costing
- (ii) Compute the unit product cost under variable costing

06. Write short notes on the following:

05x5 = 25

- (i) Target Profit and BEP
- (ii) CVP Considerations in Choosing a Cost Structure
- (iii) Activity-Based Costing
- (iv) Flexible Budgets and Performance Analysis
- (v) The Basic Framework of Budgeting