MID-WEST UNIVERSITY
SCHOOL OF MANAGEMENT (MUSOM)
(An Autonomous Institution)
MUSOM EXAMINATION SECTION
FINAL EXAMINATION-2024 (2080)
BACHELOR OF BUSINESS ADMINISTRATION (BBA)
SEMESTER – IV

Subject: Cost and Management Accounting	**Course Code: MGT 442**
Full Marks: 100	**Time: 3 Hrs.**

You are required to answer in your own words as far as applicable. The figures in the margin indicate the full marks.

Section – B: Short Answer Questions (8 × 5 = 40 Marks)

Answer any eight questions:

1. A company has been procuring in a lot size of 2,000 (EOQ) units, material cost per unit is Rs. 25, ordering cost is Rs. 200 and estimated holding cost is 20% of the cost per unit.
   Required:
   a) Determine the annual requirements in units. [1]
   b) No. of orders. [1]
   c) The average period between the orders. [1]
   d) EOQ units if the ordering cost increases to Rs. 250 and the cost per unit decreases to Rs.20. [2]
2. Mention and describe the objectives and importance of cost accounting. [5]
3. What is Economic order quantity? What are the assumptions of EOQ? [5]
4. The following information has been provided:

Re-order quantity	20,000 units
Re-order period	15 to 25 days
Minimum usage	800 units per day
Maximum usage	1,800 units per day

   Required:
   a) Re-order level [2]
   b) Minimum stock level [1]
   c) Maximum stock level [1]
   d) Average stock level [1]
5. Write about the Time Rate System and Piece Rate System of wage payment. [5]
6. You are given the following information:

Time allowed	100 hours
Standard hourly rate	Rs. 25

   Time taken by:
   A .... 60 hours
   B .... 50 hours
   C .... 40 hours

   Required: Total wages of A, B and C under a) Halsey Plan. b) Rowan Plan [5]
7. The following overheads are extracted from the company:

Welfare	Rs. 150,000
Repair	Rs. 100,000

   Other details are:

	Number of employees	Assets value (Rs.)
Department X	5	400,000
Department Y	10	600,000

   Required: Total overheads of departments X and Y. [5]
8. The following information was supplied by a manufacturing concern for the year ended 30th Chaitra 2079.

Normal capacity	10,000 units
Production	9,000 units

Sales	10,000 units
Opening stock	2,000 units
Prime cost per unit	Rs. 17
Variable production cost per unit	Rs. 5
Variable selling cost per unit	Rs. 3
Selling price per unit	Rs. 40
Fixed cost:	
Manufacturing overheads	Rs. 30,000
Office overheads	Rs. 20,000
Marketing expenses	Rs. 10,000

Required:

a) Income statement under variable costing. [5]

9. The total contribution margin of a company for a period was Rs. 75,000 and the profit volume ratio was 0.25. At this level of sales, the profit after tax was Rs. 35,000. The tax rate was 30%.

Required:

a) Sales volume [1]
b) Fixed cost [1]
c) Break-even point [1]
d) Sales volume to earn an after-tax profit of Rs. 52, 500 [2]

10. Distinguish between static and flexible budgets. [5]

Section – C: Long Answer Questions (3 × 10 = 30 Marks)

Answer any three questions:

11. Define management accounting. Describe the major objectives and scope of management accounting. [2+4+4]

12. Consider the following information:

Normal /standard wage rate per hour	Rs. 30
Time allowed for 2/3 units of output	20 seconds

Differentials to be applied:

80% of piece rate for below-standard
120% of piece rate for at or above standard

Actual production per day of working 9 hours is as under;

A .... 800 units
B .... 1080 units
C .... 1,200 units

Required: Calculate the total earnings per day of the workers under:

a) Straight piece rate system [3]
b) Taylor's differential piece rate system [3]
c) Gantt's task and bonus plan [4]

13. The overheads of a factory for the previous month are as follows:

Rent	Rs. 8,000
Diesel	Rs. 16,000
Salaries	Rs. 13,500
General expenses	Rs. 10,000

Depreciation charged on the entire machine is 12% p.a.

	Boiling section	Filtering section	Packaging section
Indirect materials (Rs.)	40,000	20,000	25,000
Indirect wages (Rs.)	20,000	20,000	15,000
Cost of machine (Rs.)	800,000	600,000	400,000
Area used (sq. ft.)	4,000	2,000	2,000
H.P. of machine	40	30	10
Numbers of workers	40	25	25
Labor hours	5,000	4,000	1,000

Required: Overheads per labor hour for each section. [10]

14. The alpha manufacturing company produced 80,000 units of a new product during 2075 and sold 60,000 units at Rs. 25 per unit. Costs and other related information were as follows:

	Fixed costs	Variable cost
Direct material	-	480,000
Direct labor	-	400,000
Manufacturing expenses	270,000	160,000
Selling and distribution cost	180,000	120,000

There was no ending work-in-progress inventory
Normal capacity per annum 90,000 units

Required: Income statement for the year 2075 using

a) Traditional costing [6]
b) Marginal costing [4]

15. The company is running at 60% capacity and produced 8,400 units of output within the following costs data:

Items	Per unit costs
Direct material	Rs. 20
Direct wages	15
Direct expenses	12
Factory overhead (40% fixed)	10
Office overhead (40% variable)	10
Selling overhead (70% fixed)	6

Required: Flexible budget for 50% and 75% capacity utilization. [10]

Section – D: Case Study (15 Marks)

16. Surkhet Manufacturing Company provides you with the following information:

Selling price per unit	Rs. 42
Direct material cost	Rs. 8 per unit
Direct labor cost	Rs. 5 per unit
Direct expenses	Rs. 2 per unit
Fixed factory overheads	Rs. 440,000
Fixed office overheads	Rs. 250,000
Variable factory overheads	Rs. 3 per unit
Production units	50,000
Closing stock	8,000
Opening stock	3,000
Value of opening stock:	
Under variable costing	Rs. 23 per unit
Under absorption costing	Rs. 30 per unit
Under absorption of fixed factory cost	Rs. 40,000

Required:

a) Income statement under direct costing [5]
b) Income statement under full costing [6]
c) Reconciliation statement [4]