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| **Only for 2021 to 2023 AD admitted Students** |

**TRIBHUVAN UNIVERSITY**
FACULTY OF MANAGEMENT
Office of the Dean
**December 2025**

**Full Marks: 100**
**Pass Marks: 50**
**Time: 3 Hrs.**

**BIM / Fourth Semester / ACC 202 : Cost and Management Accounting**

***Candidates are required to answer the questions in their own words as far as practicable.***

**Group "A"**

***Brief Answer Questions:*** ***[10 × 2 = 20]***

1. Point out the two objectives of cost accounting.
2. Mention the cost classification on the basis of decision making.
3. What is Just in Time (JIT) System in Inventory Control Technique.
4. List out the two features of Taylors' Differential Piece Rate System.
5. Define Flexible Budget.
6. The following details are available in respect of a Kumari Soda Udhyog:

| | |
|---|---|
| Annual requirement | 10,000 bottles |
| Ordering cost per order | Rs 100 |
| Carrying cost per bottle | Rs 2 |

**Required:** Total Cost at Economic Order Quantity

7. Consider the following information:

| | |
|---|---|
| Re-order quantity | 8,000 kgs |
| Re-order period | 3 to 4 weeks |
| Consumption per week | 1,600 to 2,000 kgs |

**Required:** Maximum Stock Level

8. Mr Shrestha is allowed 16 hours to finish a given job, but he completes the entire job in 12 hours. Total Wages earned by Mr Shrestha is Rs 2,100.

**Required:** Hourly Wage rate as per Halsey Bonus Plan.

9. The difference in total cost is Rs 180,000 between the activity level for 60,000 units and 30,000 units. The total fixed cost is Rs 180,000

**Required:** (a) Variable cost per unit (b) Total cost for 50,000 units.

10. The following data are the actual results of a Company which are as under:

| | |
|---|---|
| Actual output | 1,400 units |
| Actual time taken | 6,800 machine hours |
| Actual overhead incurred | Rs 250,000 |
| Standard fixed overheads (25,000 machine hours normal capacity) | Rs 100,000 |
| Standard overhead rate per machine hour | Rs 10 |

Standard time required for a unit of output 5 machine hours

**Required:** Overhead Spending Variance

## Group "B"

***Short Answer Questions: (Attempt any SIX Questions)*** *[6 × 5 = 30]*

11. Differentiate between controllable and uncontrollable cost.

12. What are the assumptions of cost-volume-profit analysis?

13. What is annual budget? Point out the different budgets prepared by manufacturing and non-manufacturing organizations. *[2+3]*

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

| | |
|---|---|
| Direct labour hour worked | 4,000 hours |
| Machine hour operated | 6,000 hours |

Information regarding overhead cost is:

| | |
|---|---|
| Rent, rates and insurance | Rs 60,000 |
| Indirect wages | Rs 50,000 |
| Supervision cost | Rs 20,000 |
| Consumable store | Rs 30,000 |
| Lighting and heating | Rs 25,000 |
| Hourly repairs and maintenance cost of machine | Rs 3.50 |
| Hourly depreciation charge on machine | Rs 2.25 |
| Power consumption 10 units per hour @ | Rs 0.75 per unit |

**Required:** (a) Overhead rate per direct labor hour

(b) Overhead rate per machine hour

15. A Company manufactures a single product; the operating data for period is given below:

| | |
|---|---|
| Normal Output | 25,000 units |
| Production Units | 22,000 units |
| Sales Units | 21,000 units |
| Opening Stock | 1,000 units |
| Selling Price per unit | Rs 50.00 |
| Direct Material per unit | Rs 15.00 |
| Direct Labour per unit | Rs 5.00 |
| Variable Factory Overhead cost | Rs 5.00/unit |
| Variable Selling and Office Overhead cost | Rs 4.00/unit |
| Fixed Manufacturing Overhead cost | Rs 250,000 |
| Fixed Selling & Office Overhead cost | Rs 60,000 |

**Required:** (a) Income Statement under Absorption Costing

(b) Reconciled profit as per Variable Costing *[4+1]*

16. The standard labour cost and the actual labour cost incurred by a factory are:

| Manpower | Standard | | Actual | |
|---|---|---|---|---|
| | No. of manpower | Rate/hour | No. of manpower | Rate/hour |
| Men | 11 | Rs 8 | 9 | Rs 9 |
| Women | 9 | Rs 6 | 10 | Rs 7 |
| Boys | 10 | Rs 5 | 11 | Rs 4 |
| Total | 30 | - | 30 | - |
| 40 hours in a week needed to work and paid<br>Standard output per gang hour 30 units | | | actual output was realized 1,260 units. | |

**Required:** Possible Labour Cost variances

17. Sudha Impex has installed capacity of 30,000 Direct Machine Hour (DMH). The Production and sale volume at present have been given below:

| | |
|---|---|
| Production and Sales in Unit | Rs 90,000 Units |
| Cost of production one Unit: | |
| Direct material | Rs 7 |
| Direct labour | Rs 6 |
| Manufacturing overhead 0.25 DMH | Rs 8 |
| Total Cost per unit | Rs 21 |
| Selling Price per Unit | Rs 30 |

Budgeted fixed overhead at capacity volume Rs 360,000.

The company received an offer to supply 40,000 units at a price of Rs 20 per unit

**Required:** (a) Differential Statement showing to decide whether the company should or should not accept the offer.

(b) The opportunity cost of offer if the company accepts the offer. *[4+1]*

**Group "C"**

***Long Answer Questions: (Attempt any THREE Questions)*** *[3 × 10 = 30]*

18. "Cost Accounting and Management accounting is prepared by organization only for the internal requirements". Explain this statement with the help of importance of it.

19. "Optimum investment in inventory is the prime objective of Inventory Management". Clarify this statement with the help of characteristics of Inventory Management.

20. Following are the information of a renowned Tulip Hotel in Bhaktapur Area

Total number of single rooms = 20

Total number of double rooms = 10

Annual expenses (Rs) summary:

Three Room attendant's salary = 5,000 per month each

Administrative staff salary = 150,000 per month

Five other assistants' salaries = 35,000 per month for all

Lighting and heating = 180,000 per annum

Repair and maintenance = 160,000 per annum

Depreciation of Land and buildings = 5% of Rs 8,000,000

Depreciation of other fixed assets = 15% of Rs 1,000,000

Taxation and Insurance = Rs 180,000 per annum

Insurance and others = Rs 28,000 per month

Miscellaneous = Rs 400,000 per annum

Occupancy ratio:

| Months | Single Rooms | Double Rooms |
|---|---|---|
| 7 months | 100% | 80% |
| 5 months | 70% | 60% |

Assume that the double room shall be regarded as 1.5 of the single room for fixing the rate of the room.

**Required:** (a) Operating Cost Statement

(b) Room charge for single and double room per day if hotel expects 20% profit margin on cost. ***[8+2]***

21. The given information depicts the operating result of Tula Trading Concern for the past two years.

| Year | Sales Revenue in Rs. | Cost of Sales | Profit/loss |
|---|---|---|---|
| Last | Rs 500,000 | Rs 420,000 | Rs 80,000 |
| Current | Rs 980,000 | Rs 780,000 | Rs 200,000 |

**Required:**

a. Cost Volume Ratio

b. Annual Fixed Cost

c. Break-Even Point in Rs

d. Sales required to earn a desired profit of Rs 400,000

e. Sales required to earn a desired profit after tax of Rs 320,000 if tax rate is 20%

f. Profit when sales are Rs 10,00,000

g. Margin of safety ratio if actual sales is Rs 13,00,000 ***[1+1+2+2+2+1+1]***

## Group "D"

*Comprehensive Answer / Case / Situation Analysis Questions:* *[20]*

22. A renowned organization is planning to prepare functional budget for their decision purpose from the following information:

Total sales for six months are 150,000 units, which are apportioned as:

| Months | January | February | March | April | May | June |
|---|---|---|---|---|---|---|
| % | 16% | 16% | 18% | 18% | 16% | 16% |

Selling price per unit will be Rs 30

**Inventory policy:** The factory maintains finished goods and raw materials inventory equal to meet next month's projected sales and production need respectively.

**Purchase:** One unit of finished goods requires 3 kg of material at a cost of Rs 2 per kg.

**Wages:** Each unit of finished goods will need 3 labour hour and rate per labour hour will be Rs 3.

**Overhead:** Variable manufacturing cost will be Rs 5 / unit and expected monthly fixed salary Rs 15,000, rent Rs 10,000 and other expenses Rs 5,000 per month.

**Required:**

a. Sales Budget for three months ending March
b. Production Budget for three months
c. Material Requirement and Purchase Budget for three months
d. Direct Labour Hour Cost Budget
e. Manufacturing Overhead Cost Budget
f. Cost of Goods Sold Budget for three months ending March
g. "Budgeting support to the management for planning, coordinating and controlling effectively and efficiently". Justify this statement.*[2+4+4+2+2+3+3]*

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