

International Islamic University Chittagong  
 Department of Business Administration  
 Mid-Term Examination, Semester: Spring 2023  
 Program: BBA, Course Code: Acc-2303  
 Course Title: Cost & Management Accounting

Time: 1.5 hours

Marks: 30

*[Answer all of the following questions. Figures in the right margin indicate full marks.]*

**Question no 1**

**02+08=10**

- a) Enumerate cost classifications based on the relation with volume of production. CLO 01  
 b) The following information has been taken from the records of Nova Company. CLO 02

Inventories:	January 1,2022	December31,2022
Finished goods.....	68,000	100,000
Work in process.....	234,300	174,340
Materials.....	135,000	155,000
Materials purchases.....		100,000
Direct labor.....		96,000
Indirect labor.....		24,000
Indirect materials used.....		12,000
Purchase returns and allowances.....		5,000
Purchase discounts.....		1,000
Sales.....		400,000
Sales discounts.....		4,000
Freight in.....		6,000
Freight out.....		3,500
Sales salaries and expenses.....		25,000
Payroll taxes.....		12,000
Depreciation- machinery.....		8,500
Factory insurance.....		1,200
General factory overhead.....		26,340
Advertising expense.....		11,000

Required: Prepare a cost of goods sold & income statement for the year ended December 31, 2022.

**Question no 2**

**02+08=10**

- a) Evaluate the various costs of acquiring materials of a manufacturing organization. CLO 01  
 b) C&B Corporation uses a perpetual inventory system and had the following transactions during Dec: CLO 02

- Dec 01. Beginning Balance: 300 units @ \$4.00 per unit
- 04. Purchased 600 units @ \$4.20 per unit
- 08. Issued 500 units.
- 09. Purchased 600 units @ \$4.30 per unit.
- 12. Issued 300 units.
- 17. Purchased 300 units @ \$4.20 per unit.
- 19. Issued 300 units.
- 21. Purchased 200 units @ \$4.40 per unit.

24. Purchased 500 units @ \$4.50 per unit.  
 27. Issued 500 units. Sales were 1,600 units @ \$9 per unit; marketing and administrative expenses totaled \$2,700. Required: Compute the cost of materials used and the cost assigned to the Dec 31st inventory by each of these costing methods: FIFO and LIFO method.

Question no 3

02+08

- a. Explain productivity and the objective(s) of productivity measurement. CLO 01  
 b. For the first week of December, the record of Amjad shows: CLO 02

Day	Hrs Worked	Units Manufactured
Monday	8	80
Tuesday	8	95
Wednesday	8	110
Thursday	8	105
Sunday	8	80

Amjad's guaranteed hourly wage rate is \$7 and standard production is 10 units per hour. Factory overhead per labor hour is \$4.

Required: i. If Amjad receives 70% of the labor value of time saved during a day, prepare a schedule to show Amjad's pay using the following headings: Day, Units produced, daily wage, units above standard, hours saved, premium wage, total pay, labor cost per unit, overhead cost per unit, conversion cost per unit, ii. If the 100% bonus plan is used prepare a schedule to show Amjad's pay, using the following headings: Hours worked, units produced, standard production, efficiency ratio, base wage, base X efficiency ratio, week's earnings, labor cost per unit, conversion cost per unit.

OR

- a. Investigate how the 'base to be used' factor influences selection of overhead rate?  
 b. Normal annual capacity for Bengal Company is 38,000 units, with fixed factory overhead budgeted as \$19,000 and an estimated variable factory overhead rate of \$2.05 per unit. During December, actual production was 2,800 units, with a total overhead of \$7,960.  
 Required: Determine the following: i. The predetermined factory overhead rate. ii. The applied factory overhead. iii. The over- or under applied factory overhead. iv. The spending and idle capacity variances.