



ISLAMIC UNIVERSITY OF TECHNOLOGY (IUT)
ORGANISATION OF ISLAMIC COOPERATION (OIC)

DEPARTMENT OF BUSINESS AND TECHNOLOGY MANAGEMENT

Mid-Semester Examination

Winter Semester, A. Y. 2022-2023

Course No. : BTM 4301

Time : 1.5 hours

Course Title : Management Accounting

Full Marks : 75

Answer **all 3 (three)** questions. All questions carry equal marks. Marks of each question and corresponding CO and PO are written in the right margin with brackets.

1. Hameem Garments Ltd. has two manufacturing departments—Assembly and Fabrication. 25 (CO1)
The company considers all of its manufacturing overhead costs to be fixed costs. The first (PO1)
set of data shown below is based on estimates that were made at the beginning of the year
for the expected total output. The second set of data relates to one particular job completed
during the year—Job A007.

Estimated Data	Assembly	Fabrication	Total
Manufacturing overhead costs	Tk 300,000	Tk 400,000	Tk 700,000
Direct labor-hours	25,000 hours	15,000 hours	40,000 hours
Machine-hours	10,000 hours	50,000 hours	60,000 hours
Job A007	Assembly	Fabrication	Total
Direct Materials	Tk 100	Tk 50	Tk 150
Direct labour	Tk 80	Tk 35	Tk 115
Direct labour - hours	8 hours	2 hours	10 hours
Machine - hours	2 hours	5 hours	7 hours

Instructions:

- i. If Hameem uses a predetermined plant wide overhead rate with direct labor-hours as the allocation base, how much manufacturing overhead would be applied to Job A007?
 - ii. If Hameem uses predetermined departmental overhead rates with direct labor-hours as the allocation base in Assembly and machine-hours as the allocation base in Fabrication, how much total manufacturing overhead cost would be applied to Job A007?
 - iii. Assume that Hameem uses the departmental overhead rates mentioned in requirement 2 and that Job A007 includes 50 units. What is the unit product cost for Job A007?
2. a) Define Management Accounting. Identify each of the three basic manufacturing cost 12 (CO2)
categories with an example. (PO2)

- b) Hatil Furniture ltd listed the manufacturing cost of its chair. Those are given below: 13 (CO2) (PO2)
- The chairs are made of wood that costs Tk 200 per chair.
 - The chairs are assembled by workers, at a wage cost of Tk 40 per chair.
 - Workers assembling the chair are supervised by a factory supervisor who is paid Tk 45,000 fixed per year.
 - Electrical costs are Tk 2 per machine-hour. Three machine-hours are required to produce a chair.
 - The depreciation on the machines used to make the tables totals Tk10,000 fixed per year.
 - The salary of the president of the company is Tk 200,000 fixed per year.
 - The company spends fixed amount Tk 150,000 per year to advertise its products.
 - Salespersons are paid a commission of Tk 30 for each chair sold.
 - Instead of producing the chair, the company could rent its factory space and machine for Tk 150,000 per year.

Instructions: You are required to classify these above costs according to the various cost terms.

3. a) Identify the differences between (i) variable cost, (ii) fixed cost, and (iii) mixed cost. 05 (CO1) (PO1)
- b) ABC company is a merchandiser company that provides the following information. 20 (CO3) (PO3)

Particulars	Amount
Number of units sold	35,000 units
Selling price per unit	Tk 40
Variable selling expense per unit	Tk 3
Variable administrative expense per unit	Tk 1
Total fixed selling expense	Tk 45,000
Total fixed administrative expense	Tk 28,000
Beginning merchandise inventory	Tk 21,000
Ending merchandise inventory	Tk 35,000
Merchandise purchases	Tk 805,00

Considering the above information you are required to;

- Prepare a traditional income statement.
- Prepare a contribution format income statement.