



Third Semester Five Year B.B.A. LL.B. (Hon's)
Examination, December 2013
COST AND MANAGEMENT ACCOUNTING

Duration : 2½ Hours

Max. Marks : 70

- Instructions:**
1. Answer **all 5** Questions.
 2. **One** essay type and **one** short note question or problem from **each unit** have to be attempted, which is referred as Part **(a)** and **(b)** in **all** the units.
 3. Show calculations **wherever** necessary.
 4. **Use** simple calculator.

UNIT – I

- Q. No. 1. (a) A company working at 50% of capacity manufactures 10,000 units of a product. At 50% capacity the product cost is ₹ 180 and sale price is ₹ 200. The break up of cost is as under Marks : 9

Materials	₹ 100
Wages	₹ 30
Factory overheads	₹ 30 (40 % fixed)
Administrative overheads	₹ 20 (50% fixed)

At 60% working, raw material goes up in cost by 2% and sales price falls by 2%. At 80% capacity raw material cost increases by 5% and sales price decreases by 5%.

Prepare a statement to show profitability @ 60% and @80% capacity.

OR

A company produces and sells 3 item

- a) Snow cream
- b) Talcum powder
- c) Cold cream

P.T.O.



The company has divided its market into two zones. Zone A and Zone B.

	Zone A		Zone B	
	Units	Price/Unit	Units	Price/Unit
a) Snow cream	4,00,000	12.00	2,50,000	12.00
b) Talcum powder	2,50,000	15.00	3,50,000	15.00
c) Cold cream	3,00,000	16.00	3,00,000	16.00

For the current year it is estimated that sale of Snow cream will go up by 10% in Zone B and of Cold cream by 25000 units in Zone A. The budgeted figures for Talcum powder are to be increased by 20% in both the zones.

The price of two creams are to be maintained but for Talcum powder a bonus cut of ₹ 1 will be announced.

You are required to prepare a quantitative-cum-financial budget for sales in current year.

- (b) What do you understand by budgetary control ? State its objectives and merits.

Marks : 5

OR

What is budget ? Explain zero base budgeting.

UNIT – II

- Q. No. 2. (a) What is standard costing ? Explain principles followed by setting standards.

Marks : 9

OR

What is standard costing ? State objectives, merits and limitations of standard costing.

- (b) State function considered while setting standards for material costs.

Marks : 5

OR

State factors affecting labour and overhead cost standards.



UNIT – III

Q. No. 3. (a) From the following particulars compute

- a) Material cost variance
- b) Material price variance
- c) Material usage variance

Quantity of Material purchased	3000 units
Value of material purchased	₹ 9,000
Standard quantity of material required per tonne of output	30 units
Standard rate of material	₹ 2.50 per unit
Opening material stock	NIL
Closing material stock	500 units
Output during the period	80 tonnes

Marks : 9

OR

Using the following information calculate labour cost variance labour rate variance labour efficiency and 'Idle Time Variance'.

Standard hours	5,000
Standard wage rate	₹ 4 per hour
Actual hours	6,000
Actual wage rate	₹ 3.50 per hour
Time lost on account of machine break down	300 hours

(b) Explain the significance of variance analysis.

Marks : 5

OR

What is variance analysis ? How does it contribute to decision making in organisation ?

**UNIT – IV**

- Q. No. 4. (a) What is cost audit ? What are the steps involved in cost audit programme ?

Marks : 9

OR

What is uniform costing ? State and explain objectives and purpose of 'Uniform costing'. State merits of uniform costing system.

- (b) Write a note on audit reports rules 1963.

Marks : 5

OR

Write a note on uniform costing and inter firm comparisons.

UNIT – V

- Q. No. 5. (a) What is management audit ? Explain objectives and criticisms against management audit.

Marks : 9

OR

What are types of audits ? State merits and demerits of the management audit.

- (b) What is social audit ? Explain steps underlying social audit.

Marks : 5

OR

Explain advantages and limitations of social audit.