III Semester 5 Year B.B.A.LL.B. Examination, March/April 2021
COST AND MANAGEMENT ACCOUNTING

Duration : 3 Hours Max. Marks : 80

Instructions : 1. Answer any five questions from group (a) each question carries 10 marks.
2. Answer any five questions from group (b) each question carries 6 marks.
3. Answer should be written in English completely.

Q. No. 1. a) Prepare a Cash Budget for three months ending on 30th September 2019, from following information.

Month	Sales	Material	Wages	Overhead
May	56,000	19,200	6,000	3,400
June	60,000	18,000	6,000	3,800
July	64,000	18,400	6,400	4,000
Aug.	68,000	20,000	7,200	4,400
Sept.	72,000	20,800	8,000	4,600

Credit terms are :

Sales : 10% on cash, 50% of the credit sales are collected in the next month and Balance in following month .

Creditors : Raw material 1 month, wages ½ month, overhead ¼ month.

Marks : 10

Q. No. 1. b) The sales director is expecting a sales of 50,000 next year (in units). Two kinds of raw materials A and B are required for manufacturing the finished products. Each unit of finished products require 2 units of A and 3 units of B. The estimated opening balance of next year are as follows

Finished goods	10000 units
Raw material A	12000 units

P.T.O.

Raw material B	15000 units
Closing balances are as follows	
Finished goods	14000 units
A	13000 units
B	16000 units

Calculate Material Purchase Budget. Marks : 6

Q. No. 2. a) What is Budgetary Control ? Explain the merits and demerits of budgetary control to a business concern. Marks : 10

Q. No. 2. b) Write a note on Functional Budget. Marks : 6

Q. No. 3. a) Define standard costing. Explain the significance of standard costing as a technique of cost control. Marks : 10

Q. No. 3. b) Explain the difference between estimated cost and standard cost. Marks : 6

Q. No. 4. a) Explain the use of standard costing in the following managerial functions : Marks : 10

(i) Cost reduction

(ii) Operating performance

(iii) Product pricing.

Q. No. 4. b) How standard costs are set for material and labour ? Marks : 6

Q. No. 5. a) From the following particulars calculate :

(i) Material cost variance.

(ii) Material price variance

(iii) Material yield variance

Standard Data

	Kgs	Material	Amount
	450	Material A @ ₹ 20/kg	9,000
	360	Material B @ 10/kg	3,600
	810		**12,600**
Less :	**90**	Normal loss	
	720		

Actual Data :

	Kgs	Material	Amount
	450	Material A @ ₹ 19/kg	8,550
	360	Material B @ ₹ 11/kg	3,960
	810		**12,510**
Less :	**50**	Actual loss	
	760		

Marks : 10

Q. No. 5. b) Write a short note on yield variance. Marks : 6

Q. No. 6. a) Ultra Modern Cassette Ltd. had budgeted the following sales for Feb. 2019.

Cassette A 1100 units @ ₹ 50/unit

Cassette B 950 units @ ₹ 100/unit

Cassette C 1250 units @ ₹ 80/unit

As against the actual sales were

Cassette A 1300 units @ ₹ 55/unit

Cassette B 1000 units @ ₹ 96/unit

Cassette C 1200 units @ ₹ 78/unit

The cost/unit of A, B and C were ₹ 45, 85 and 70 respectively.

Compute different variance. Marks : 10

Q. No. 6. b) Write a short note on fixed overhead calender variance. Marks : 6

Q. No. 7. a) Define uniform costing. Discuss the scope and applications of uniform costing methods and their usefulness to our economy. Marks : 10

Q. No. 7. b) Write short notes on Financial audit versus cost audit. Marks : 6

Q. No. 8. a) "Cost audit is a necessity and not a luxury and is viewed as a barometer to measure the operational performance and the effectiveness of utilisation". Explain. Marks : 10

Q. No. 8. b) Write short notes on Cost Audit Rules, 1996. Marks : 6

Q. No. 9. a) Explain the provision of Indian Companies Act, 1956 with respect to the appointment, rights and responsibilities of an auditor. Marks : 10

Q. No. 9. b) Write short notes on types of audit. Marks : 6

Q. No. 10. a) Define management audit. How does it differ from cost audit and financial audit ? Marks : 10

Q. No. 10. b) Write short notes on limitations of management audit. Marks : 6
