



6013

III Semester 5 Year B.B.A. LL.B. Examination, October/November 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 06 marks.
 3. Figures to the right indicate marks.
 4. Answer should be written in English only.
 5. Use simple calculator only.

Q. No. 1. (a) Goodluck Ltd., is currently operating at 75% of its capacity Marks : 10

Presently its production capacity is 75000 units. The company is planning to operate at 85%. Cost details are given below.

Particular	75%
Direct Material	15,00,000
Direct labour	7,50,000
Factory O/h	3,50,000
Selling O/h	4,00,000
Administrative O/h	1,60,000

Profit is estimated at 20% on sales. The following increase in costs are expected during the year.

Particular	In Percent
Direct Material	8
Direct Labour	5
Variable Factory O/h	5
Variable Selling O/h	8
Fixed Factory O/h	10
Fixed Selling O/h	15
Administrative O/h	10

Prepare a Flexible Budget at 85% level of capacity.

(b) Write a note on Zero Base Budgeting.

Marks : 6

P.T.O.



Q. No. 2. (a) What are functional budgets ? Which functional budgets are most commonly used by management ? Marks : 10

(b) The expenses for the budgeted production of 20000 units are furnished below. Marks : 6

Particular	Per Unit (₹)
Material	140
Labour	50
Variable O/h	40
Fixed O/h	20
Variable Expenses (Direct)	10
Selling Expenses (10% fixed)	26
Distribution Expenses (20% fixed)	14
Administrative Expenses	10

Prepare a Flexible Budget for the production of 16000 units.

Q. No. 3. (a) "Standard costs are basis for a proper managerial control of manufacturing operations". Explain. Marks : 10

(b) Explain the material usage variance. Marks : 6

Q. No. 4. (a) Define standard costing. How does it differs from concepts like budgetary control, estimated costing and standard cost ? Marks : 10

(b) State the drawbacks of standard costing. Marks : 6

Q. No. 5. (a) Discuss the utility of variance analysis in cost control. What are the major causes for efficiency, volume, capacity and calendar variance ? Marks : 10

(b) Difference between controllable and uncontrollable variance. Marks : 6

Q. No. 6. (a) The following information is given regarding a factory :

Standard quantity of material	– 750 units
Standard price	₹ 15 per unit
Actual quantity of material	– 780 units
Actual price	₹ 18 per unit

Calculate MCV, MPV, MUV.

Marks : 10

(b) Managerial use of variance. Marks : 6



- Q. No. 7. (a) Why is inter firm comparison desirable ? What are the essential points to be considered in inter firm comparison and what are its advantages ? Marks : 10
(b) Write a note on efficiency audit. Marks : 6
- Q. No. 8. (a) Define cost audit. Explain the scope and significance of cost audit. Marks : 10
(b) Explain the merits of cost audit. Marks : 6
- Q. No. 9. (a) Define Management Audit. Explain the objectives, merits and demerits of audit to a Business Unit. Marks : 10
(b) Explain the different types of audit. Marks : 6
- Q. No. 10. (a) Explain the concept of social audit and social audit report. Marks : 10
(b) Functions of Management Audit. Marks : 6

Particulars	75%
Direct Material	15,00,000
Direct Labour	7,50,000
Factory OH	3,00,000
Selling OH	4,00,000
Administrative OH	1,00,000
Profit is estimated at 25% on sales. The following increase in costs is anticipated during the year.	
Particular	In Percent
Cost Material	5
Direct Labour	3
Variable Factory OH	5
Variable Selling OH	2
Fixed Factory OH	10
Fixed Selling OH	15
Administrative OH	10
Prepare a Flexible Budget at 85% level of capacity.	

(b) Write a note on Zero Base Budgeting.

Marks : 5