



0334

**III Semester 5 Year B.B.A. LL.B. Examination, June/July 2014**  
**COST AND MANAGEMENT ACCOUNTING**

Duration : 3 Hours

Max. Marks : 100

- 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 Part **(b)** in **all** the Units.
  3. Figures to the **right** indicate marks.
  4. Answers should be written in **English**.

**UNIT – I**

Q. No. 1. (a) A single product company estimated its sales for year quarterwise as under

<b>Quarter</b>	<b>Sales in units</b>
I	30,000
II	37,500
III	41,250
IV	45,000

The opening stock of finished goods is 10,000 units and the company expects to maintain in closing stock of finished goods at 16,250 units at the end of year. The production pattern in each quarter is based on 80% of the sales of the current quarter and 20% of the sales of the next quarter.

The opening stock of raw material in the beginning of the year is 10,000 Kgs and the closing stock at the end of the year is required to be maintained at 5,000 Kgs. Each unit of finished output requires 2 Kgs of raw materials.

The company proposes to purchase the entire annual requirement of raw materials in the first three quarters in the proportion and at the prices are given below.

<b>Quarter</b>	<b>Purchase of raw materials % to total annual requirement in quantities</b>	<b>Price per Kg Rs.</b>
I	30%	2
II	50%	3
III	20%	4

P.T.O.



The value of the opening stock of raw materials in the beginning of the year is Rs. 20,000.

You are required to present the following for the next year quarterwise.

- i) Production budget in units.
- ii) Raw material consumption budget in quantities.
- iii) Raw material purchase budget in quantity and value.

Marks : 15

OR

Cost per unit of article A is Rs. 50 at a capacity level of 5,000 units the details are given below. For variation upto 25% in capacity above and below this level the individual expenses vary as indicated below.

Particulars	Cost in Rupees @ 5000 units	Degree of Variability
Material	35,000	100%
Labour	15,000	100%
Expenses	2,000	80%
Repairs	3,000	75%
Stores	1,000	100%
Inspection	600	20%
Depreciation	10,000	100% Fixed
Administration overhead	5,400	20%
Selling overhead	3,000	50%

Calculate the cost per unit of the product showing individual expenses at production level of 4,000 units and 6,000 units.

- (b) Prepare a production budget for six months of product 'x'

Months	Sales in units
July	1,100
August	1,100
September	1,700
October	1,900
November	2,500
December	2,300
January	2,000



There will be no work in progress at the end of any month. Finished units equal to half of sales for next month will be in stock at the end of each month including January 2007, Opening Stock is half of the budgeted sales of same month.

Marks : 5

OR

Explain briefly any five functional budgets.

### UNIT – II

- Q. No. 2. (a) i) Define standard cost. At what level should the standards be set ?  
ii) Distinguish between standard cost and estimated cost.  
iii) Distinguish between basic standard and current standard. Marks : 15

OR

- i) What is standard costing and how would you distinguish it from budgetary control.  
ii) Explain briefly the significance of standard costing as a technique of cost control.  
(b) Define and explain the concept of 'standard cost' and 'standard costing'. Marks : 5

OR

What do you understand by the following in context of operating a standard cost system

- i) Ideal standard  
ii) Normal standard  
iii) Attainable standard.

### UNIT – III

- Q. No. 3. (a) The standard material cost for 100 Kgs of chemical 'D' is made up of  
Chemical A – 30 Kgs at Rs 4 per Kg  
Chemical B – 40 Kgs at Rs 5 per Kg  
Chemical C – 80 Kgs at Rs 6 per Kg  
In a batch 500 Kgs of chemical D was produced from a mix of  
Chemical A – 140 Kgs of a cost of Rs 588  
Chemical B – 220 Kgs of a cost of Rs 1,056  
Chemical C – 440 Kgs of a cost of Rs 2,860



Calculate all variances in the actual cost for 100 Kgs of chemical D over the standard cost.

Marks : 15

OR

Explain the term 'variance' and distinguish between controllable and uncontrollable variances.

(b) Explain Labour and overhead variances.

Marks : 5

OR

Explain the significance of standard cost variance.

#### UNIT – IV

Q. No. 4. (a) What do you understand by 'inter-firm' comparison ? What are its advantages and limitations ?

Marks : 15

OR

Explain the Cost Audit Rules (Report), 1996.

(b) Write explanatory notes on : Cost Audit and Uniform Costing. Marks : 5

OR

"The work of the cost auditor depends upon the objectives of the concern". Explain.

#### UNIT – V

Q. No. 5. (a) Write the objectives, advantages and limitations of Management audit.

Marks : 15

OR

Distinguish between management audit and cost audit.

(b) What are the limitations of social audit ?

Marks : 5

OR

Write a note on :

- i) Management audit
  - ii) Efficiency audit.
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