



0334

III Semester of 5 Year B.B.A. LL.B. Examination, June/July 2015
COST AND MANAGEMENT ACCOUNTING

Duration : 3 Hours

Max. Marks : 100

- Instructions:** 1) Answer Question No. **9** and **any five** of the remaining questions.
2) Question No. **9** carries **20** marks and the remaining questions carry **16** marks each.
3) Answers should be written in **English**.
4) Use simple **Calculator**.

Q. No. 1. Alpha Ltd. manufactures two products using one type of material and one grade of labour. Shown below is an extract from the company's working papers for the next periods budget : Marks : 4×16=64

	Product A	Product B
Budgeted sales in units	3,600	4,800
Budgeted material Consumption per product (kg)	5kgs	3kgs
Budgeted material cost	Rs.12	Rs.12
	Per kg	Per kg
Standard hours allowed per product	5 hrs	4 hrs
Budgeted wage rate	Rs.8	Rs.8
	Per hr	Per hr

Overtime premium is 50% and is payable, if a worker works for more than 40 hours a week. There are 90 direct workers. The target productivity ratio or efficiency ratio for the productive hours worked by the direct workers in actually manufacturing the products, is 80%. In addition, the non-productive down time is budgeted at 20% of the productive hours worked.

P.T.O.



There are twelve 5-day weeks in the budget period and it is anticipated that sales and production will occur evenly throughout the whole period.

It is anticipated that stock at the beginning of the period will be :

Product A	–	1020 units
Products B	–	2400 units
Raw material	–	4300 kgs.

The target closing stock, expressed in terms of anticipated activity during the budget period, is product A – 15 days sales ; product B – 20 day sales ; Raw materials – 10 days consumption.

Required to calculate the material purchases budget and the wages budget showing the quantities and values for the next period.

- Q. No. 2. Define cost Audit. Indicate the circumstances under which a cost audit is ordered.
- Q. No. 3. Briefly explain the procedure of establishing standard cost within the division of material, labour and overheads.
- Q. No. 4. Calculate all the labour cost variances from the following information provided by ABC Ltd.

Labours	Standard		Actual	
	No. of Workers	Hourly Wage rate	No. of Workers	Hourly Wage rate
Skilled	72	20	44	25
Semi Skilled	48	10	66	5

In a normal working week of 40 hours, the gang is expected to produce 108 kg of output but during the week ended 31st March 2014, the gang produced 90 kg of output.



- Q. No. 5. What are the steps in social audit program ?
- Q. No. 6. Distinguish between :
- a) Basic standard and current standard.
 - b) Standard cost and estimated cost.
- Q. No. 7. What is interfirm comparison ? Explain the advantages and disadvantages.
- Q. No. 8. Write a short note on **any two** of the following : Marks :2×8=16
- a) Zero base budgeting.
 - b) Efficiency audit and Internal audit.
 - c) Scope of cost audit.
- Q. No. 9. Solve **any two** of the following problems : Marks : 2×10= 20
- a) With the following data at 60% activity, prepare a budget at 80% and 100% activity.
 - Production at 60% capacity – 600 units.
 - Materials – Rs. 120 per unit
 - Labour – Rs. 50 per unit
 - Expenses – Rs. 20 per unit
 - Factory expenses – Rs. 60,000 (40% fixed)
 - Administration expenses – Rs. 40,000 (60% fixed)
 - b) Calculate material variances from the following information.

	Standard	Actual
Output	100 units	200 units
Quantity of material required per unit of output	2kg per unit	3 kg per unit
price	Rs. 4 per kg	Rs. 3 per kg
 - c) “The work of the cost auditor depends upon the objectives of the concern”. Explain.
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