



Third Semester 5 Year B.B.A. LL.B. (New/Old) Examination, December 2018
COST AND MANAGEMENT ACCOUNTING

Duration : 3 Hours

Max. Marks : 100

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

- Q. No. 1. What is Budgetary Control ? Explain the advantages and limitations of Budgetary Control. Marks : 16×1 =16
- Q. No. 2. Define standard cost and differentiate between
- i) Standard cost and Estimated cost.
 - ii) Standard costing and Budgetary control.
 - iii) Basic standard and Current standard. Marks : 16×1 =16
- Q. No. 3. Define the term "Variance Analysis" and Explain
- i) Idle Time Variance
 - ii) Material Price Variance
 - iii) Labour Efficiency Variance
 - iv) Material Mix Variance. Marks : 16×1 =16
- Q. No. 4. What is meant by inter-firm comparison ? What are the objectives and Pre-requisites of inter-firm comparison. Marks : 16×1 =16
- Q. No. 5. Explain the Cost Audit Rules (Report) 1996. Marks : 16×1 =16
- Q. No. 6. What is uniform costing ? Write the merits and demerits of uniform costing. Marks : 16×1 =16

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Q. No. 7. What is Management Audit ? State the advantages and disadvantages of Management Audit.

Marks : 16×1 =16

Q. No. 8. Write short notes on **any two** of the following :

- i) Social Audit
- ii) Overhead Variance
- iii) Financial Audit and Cost Audit.

Marks : 2×8 =16

Q. No. 9. Solve **any two** of the following.

Marks : 2×10=20

- (a) Matrix Co. Ltd. Mumbai has submitted the following cost data in relation to a product manufactured in their workshop during October 2018.

Particulars	Standard Cost	Actual Cost
Raw Materials	1,000 units at ₹ 6 per unit	1,100 units at ₹ 7 per unit
Productive labour	1,600 Hours at ₹ 5 per hour	1,500 Hours at ₹ 4 per hour

You are required to calculate :

- i) Material Cost Variance
 - ii) Material Price Variance
 - iii) Material Usage Variance
 - iv) Labour Cost Variance
 - v) Labour Rate Variance and
 - vi) Labour Efficiency Variance.
- (b) Shakti Co. Hyderabad is engaged in manufacturing Gift boxes which is working currently at 40% capacity and produces 10,000 Gift boxes per month. The Cost and price details for one gift box is as under :

Particulars	Price/unit (₹)
Administration Exp. (40% variable)	5
Productive Expenses	1
Direct Labour Cost	2
Basic Material Cost	10
Market Price	20



You are required to prepare a Flexible Budget showing separately the profit at 50% and 90% capacities assuming that

- i) At 50% capacity selling price (market price) falls by 3% and
- ii) At 90% capacity the selling price falls by 5% accompanied by a similar fall in the price of material cost.

(c) From the following particulars prepare Cash Budget.

Months	Credit Sales (₹)	Purchases (₹)	Wages (₹)
July	1,30,000	1,60,000	14,000
August	2,10,000	1,55,000	15,000
September	2,20,000	1,80,000	18,000
October	3,00,000	3,20,000	15,000
November	1,50,000	2,20,000	17,000
December	1,50,000	3,50,000	16,000

The credit sales are realised as below

- i) 50% of Credit sales – two months credit allowed
- ii) 50% of credit sales – Three months credit allowed

The creditors for purchases are paid in the month following the month of purchase. The opening balance of cash is ₹10,000
