Third Semester 5 Year B.B.A. LL.B. Examination, Jan./Feb. 2026 (Odd Sem.)
COST AND MANAGEMENT ACCOUNTING

Duration : 3 Hours

Max. Marks : 100

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

Q. No. 1. Define Budgetary Control. Discuss the advantages and limitations of budgetary control. Marks : 16

Q. No. 2. Define management audit. How does it differ from cost audit and financial audit. Marks : 16

Q. No. 3. Explain the objectives of uniform costing. State the essential requisites for installation of a uniform costing system. Marks : 16

Q. No. 4. What is standard costing ? Explain the establishment of a standard costing system. Marks : 16

Q. No. 5. What is cost audit ? Explain the functions of a cost auditor. Marks : 16

Q. No. 6. The standard material input, required for 1000 kgs of a finished product are given below : Marks : 16

Material	Quantity (kgs)	Std. Rate per kg (₹)
A	450	20
B	400	40
C	250	60
Total	**1,100**	
Std. loss	100	
Std. Output	**1,000**	

Actual production in a period was 20,000 kgs of finished product for which the actual quantities of material used and the prices paid thereof was as under

Material	Quantity (kgs)	Purchase price per kg (₹)
A	10,000	19
B	8,500	42
C	4,500	65

Calculate :

(i) Material cost variance

(ii) Material price variance

(iii) Material usage variance

(iv) Material mix variance

(v) Material yield variance.

Q. No. 7. From the following data, prepare a flexible budget for production of 40,000 units and 75,000 units distinctly showing variable cost and fixed cost as well as total cost. Also indicate element - wise cost per unit.
Budgeted output is 1,00,000 units and budgeted cost per unit is as follows : Marks : 16

	₹
Direct material	95
Direct labour	50
Production overhead (variable)	40
Production overhead (fixed)	5
Administration overhead (fixed)	5
Selling overhead (10% fixed)	10
Distribution overhead (20% fixed)	15

Q. No. 8. Write short note on **any two** of the following : Marks : 2×8=16

(a) Inter-firm comparison

(b) Social Audit

(c) Classification of budgets.

Q. No. 9. Solve **any two** of the following problems : Marks : 2×10=20

(a) A company is expecting to have ₹ 25,000 cash in hand on 1st April 2023 and it requires you to prepare cash budget for three months - April to June 2023. The following information is supplied to you.

Month	Sales (₹)	Purchases (₹)	Wages (₹)	Expenses (₹)
Feb.	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

Additional Information :

(a) Period of credit allowed by suppliers is two months.

(b) 25% of sale is for cash and the period of credit allowed to customers for credit sale is one month.

(c) Delay in payment of wages and expenses is one month.

(d) Income tax of ₹ 25,000 to be paid in June 2023.

(b) Premier Ltd. manufactures a particular product, the Std. direct labour cost of which is ₹ 120 per unit, whose manufacture involves the following :

Grade of workers	Hours	Rate	Amount
		(₹)	(₹)
A	30	2	60
B	20	3	60
	50		**120**

During a period, 100 units of the product were produced, the actual labour cost of which was as follows :

Grade of workers	Hours	Rate	Amount
		(₹)	(₹)
A	3,200	1.50	4,800
B	1,900	4.00	7,600
	5,100		**12,400**

Calculate :

(i) Labour cost variance

(ii) Labour rate variance

(iii) Labour efficiency variance

(iv) Labour mix variance.

(c) With the following data for a 60% activity, prepare a flexible budget for production at 80% capacity.

Production at 60% capacity - 300 units

Materials – Rs. 100 per unit

Labour – Rs. 40 per unit

Direct expenses – Rs, 10 per unit

Factory expenses – Rs, 40,000 (40% fixed)

Administrative expenses – Rs, 30,000 (60% fixed)