



JK LAKSHMIPAT UNIVERSITY, JAIPUR
INSTITUTE OF MANAGEMENT
End Term Examination, May 2026
BBA, Semester II, 2025-26

Roll No.....

FA1136: Cost and Management Accounting

Time: 2 Hours

Max. Marks: 30

Instructions to students:

1. Do not write anything other than your roll number on the question paper.
2. Use of calculator, including scientific calculator, is permitted.

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| Q. 1 | How can zero-based budgeting be viewed as a more efficient budgeting method than traditional budgeting for minimizing wasteful expenditure? | 4.0 Marks
(CO5) |
| Q. 2 | A company uses both Budgetary Control and Standard Costing. How do these systems complement each other? | 4.0 Marks
(CO3,5) |
| Q. 3 | Why is Standard Costing considered less suitable in dynamic business environments? | 4.0 Marks
(CO3) |
| Q. 4 | Surya Electronics Ltd. manufactures home appliances. During the current period, the company sold 12,000 units of LED bulbs and generated total sales revenue of ₹2,40,000. The total variable cost incurred amounted to ₹1,08,000, while fixed costs for the period were ₹55,000. As a part of management, you are required to determine the break-even point and the level of sales required to earn a target profit of ₹88,000. | 3.0 Marks
(CO1,4) |
| Q. 5 | CarePlus Manufacturing Ltd. produces a standardized consumer product where skilled labour plays a critical role in maintaining production quality and efficiency. The company uses a standard costing system to monitor and control labour costs. For a standard level of production, the company estimates that each unit requires 5 standard labour hours, and the standard wage rate is ₹200 per hour. During the month of March, the company produced 350 units. To complete this production, the company employed 50 workers at the rate of ₹220 per hour. The total actual labour hours worked during the month amounted to 1,650 hours.
As a management accountant, you are required to assist the company's management team in evaluating labour performance by calculating and analyzing the relevant labour variances. | 3.0 Marks
(CO1,3) |
| Q. 6 | Orion Industries Ltd. manufactures three products—P, Q, and R. The company expects strong demand for all three products in the coming period. Based on projections made by the sales team, the estimated demand is 4,800 units for Product P, 6,500 units for Product Q and 10,200 units Product R. Following per-unit details are available: | 3.0+3.0
Marks
(CO1,4) |

Particulars	Product P (₹)	Product Q (₹)	Product R (₹)
Selling Price	150	165	190
Direct Materials	55	60	75
Direct Labour (₹120/hr)	24	48	60
Variable Overhead	12	15	18
Fixed Overheads	30	35	40

The company is currently facing a shortage of skilled labour, and only 7,200 direct labour hours are available for the next production cycle. As a management accountant you need to take following decisions:

- A. Determine the order of production priority for products P, Q, and R when direct labour is the limiting factor.
- B. Calculate the optimal product mix that Orion Industries Ltd. should produce to maximize profit, given the labour constraint.

Or

Discuss the role of Cost-Volume-Profit (CVP) analysis in managerial decision-making and illustrate your answer with an example.

- Q. 7 Novo Chemicals Ltd. manufactures an industrial chemical by blending two raw materials Material A and Material B. The company follows a standard costing system. According to the standard mix, to produce 160 kg of finished chemical, the company requires 100 kg of Material A at a standard price of ₹4 per kg and 80 kg of Material B at a standard price of ₹8 per kg. During a particular month, due to market fluctuations, actual consumption and pricing differed from the standards. The production report shows the following: 6.0 Marks
(CO1,3)

Material A: 126 kg used at ₹5 per kg

Material B: 90 kg used at ₹7 per kg

Actual output: 184 kg of finished chemical

Analyze the reasons behind deviation by calculating the following variances:

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|-----------------------------|----------------------------|
| A. Material Cost Variance | B. Material Price Variance |
| C. Material Usage Variance | D. Material Mix Variance |
| E. Material Yield Variance. | |