

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Summer 2022-23 Examination

Semester: 6
Subject Code: 06101355
Subject Name: Management Accounting

Date: 24/03/2023
Time: 10.30am to 1.00pm
Total Marks: 60

Instructions

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as Directed.**A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark) (05)**

1. Any change in the total cost of production by an increase or decrease of one unit of a product is termed as...
 - a) Standard Costing
 - b) Historical Costing
 - c) Marginal Costing
 - d) None of the above
2. The efficiency variance is also known as...
 - a) Rate variance
 - b) Quantity variance
 - c) Budget variance
 - d) Spending variance
3. Cost which does not change with the changes in production and sales is called...
 - a) Fixed cost
 - b) Semi – Variable cost
 - c) Variable cost
 - d) None of the above
- 4 Describe the method of costing to be applied in case of Job work.
 - a) Process Costing
 - b) Operating Costing
 - c) contract Costing
 - d) Job Costing
- 5 The ratio of contribution to sales is known as...
 - a) Fixed cost Ratio
 - b) Variable cost Ratio
 - c) Profit – Volume Ratio
 - d) Margin of Safety

B).Define the following. (Each of 1 mark) (05)

1. Budget
2. Break Even Point
3. Standard costing
4. Marginal Cost
5. Fixed Cost

C).Direct questions. (Each of 1 mark) (05)

1. List out the types of Material Variances.
2. What do you mean by Budgetary Control
3. What is break Even analysis?
4. Discuss classification of cost.
5. List out the advantages of management accounting.

Q.2 Answer the following questions.

A). Differentiate Financial Accounting and Management Accounting (07)

B). Calculate: (08)

- (a) The marginal cost and contribution per unit
 (b) State which of the alternative sales mixes you would recommend to management and why.

	Per Unit Product X	Per Unit Product Y
Selling price	Rs. 25	Rs. 20
Direct Material	Rs. 8	Rs. 6
Direct wages	24 hours at 25 paisa Per hour	16 hours at 25 paisa Per hour

Fixed overheads – Rs. 750

Variable overheads – 150 % of direct wages

Alternative sales mixes:

- (a) 250 units of X and 250 units of Y
 (b) Nil units of X and 400 units of Y
 (c) 400 units of X and 100 units of Y

Q.3 Answer the following questions.

A). The sales and profit for two years are as below: (07)

Year	Sales (Rs.)	Profit (Rs.)
2016	1,50,000	20,000
2017	1,70,000	25,000

Calculate:

- (a) P/ V Ratio (b) Fixed Cost (c) B.E.P (d) Sales required to earn a profit of Rs. 40,000
 (e) Profit when sales are Rs. 1, 80,000 (f) Margin of Safety at a profit of Rs. 1, 25,000.

B). Discuss the advantages of Budgetary Control. (08)

Q.4 Attempt any two questions. (Each of 7.5 mark) (15)

A) Arsh manufacturing Co. finds that while it costs Rs. 6.25 to make component X the same is available in the market at Rs. 5.75 each, with an assistant of continued supply. The break- down of the cost is -

Material 2.75 each
 Labour 1.75 each
 Other variables 0.50 each
 Depreciation and other fixed cost 1.25 each
 6.25 each

- (a) Should you make or buy?
 (b) What would be your decision, if the supplier offered the component at Rs. 4.85 Each?

(b) The standard material input required for 1000 kgs. of a finished product is given below.

Material	Quantity (kg)	Standard rate per kg. (Rs.)
P	450	20
Q	400	40
R	250	60
	1100	
Standard loss	100	
Standard output	1000	

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

Material	Quantity (kg)	Purchase price per kg. (Rs.)
P	10,000	19
Q	8,500	42
R	4,500	65

Calculate (i) Material Cost Variance (ii) Material Price Variance (iii) Material Usage Variance (iv) Material Mix Variance (v) Material Yield Variance.

Present a reconciliation among the variance

C. Mention the assumptions of Cost Volume Profit Analysis.

D. Discuss applicability of Zero-Based Budgeting. Also discuss various advantages and disadvantages.