Seat No: ______________ Enrollment No: ______________

PARUL UNIVERSITY

FACULTY OF MANAGEMENT

BBA Summer 2018- 19 Examination

Semester: 6 **Date: 18/04/2019**
Subject Code: 06101355 **Time: 02:00pm 04:30pm**
Subject Name: Management Accounting **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. The cost which changes in direct proportion to level of activity are
a) Fixed cost c)Semi-Variable
b) Variable cost d) Period cost

2. Organization unit that is headed by a responsibility manager is called
a) Responsibly center c)Department
b) Organization d) None of the above

3. Standard quantities that do not allow for spoilage /waste that occurs at normal efficiency are called.
a) Ideal Standard c)Normal standard
b) Direct Standard d)Attainable Standard

4Contribution Margin is known as
a) Net Income c) Standard Income
b) Marginal Income d) Gross Income

5 When accurate forecast of sales and revenue are not possible during the budget period, management will make use of
a) Fixed Budgeting c) Cash Budgeting
b) Functional Budgeting d) Flexible Budgeting

B).Define the following. (Each of 1 mark) **(05)**
1.Margin of Safety
2.Target Costing
3.Zero Based Budgeting
4.Standard Costing
5.Management Accounting

C).Direct questions. (Each of 1 mark) **(05)**
1Any two Differences of Financial Accounting & Management Accounting
2. What do you mean by material cost variance.
3. Give a formula of PV Ratio.
4. What do you mean by activity based costing?
5. Define Budgetary control

Q.2 Answer the following questions.
Following data have been produced by the board of XYZ Ltd

Selling price per unit	200
Direct material per unit	80
Direct wages per unit	40
Variable overhead	32
Fixed overhead	96000

A). Calculate the following **(07)**

1. Profit Volume ratio
2. BEP in units and in rupees
3. Profit if sales are 20% above the BEP
4. Sales required to Earn a profit of RS 1,02,000

B).The following information available the records of manufacturing company for two level of activity **(08)**

particular	**50% Per unit Rs**	**80% per unit RS**
Material cost	7.50	7.50
Labour	3.50	3.50
power	0.40	0.37
stores	0.60	0.60
Maintenance	0.20	0.125
Inspection	0.20	0.14
Deprecation	3.00	1.875
Administrative overhead	4.00	2.80
Selling overhead	0.60	0.487
TOTAL	20.00	17.397

Production at 50% capacity is 5000 units

Prepare a flexible budget per unit at 40% and 100 % activity

Q.3 Answer the following questions.

A). The standard material cost for a normal mix of one ton of chemical X is based on **(07)**

Chemical	Usage Kgs	Price per kg
A	240	6
B	400	12
C	640	10

During a month 6250kgs of chemical X were produced from

Chemical	Consumption in kgs	Total Cost Rs
A	1600	11,200
B	2400	30,000
C	4500	47,250

Find out following variance

1. Material cost variance
2. Material price variance
3. Material usage variance
4. Material mix variance
5. Material sub usage variance

B). Explain the concept of Transfer pricing. State the objective of transfer pricing **(08)**

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

1. Management Accounting is the best tool for the management to achieve higher profits and efficient operations. Discuss.

2.what is standard costing? Give the difference between standard costing and budgetary control

3The cost of manufacturing a part is given below based on production of 1,00,000 units

Particular	Cost per unit in RS
Direct material cost	20.00
Part purchased from outside	4.00
Other material	6.00
Direct wages	4.00
Fixed overhead (Total RS 40 LAKHS)	40.00
Total cost	74.00

The company is operating at 80% capacity and it will not be making any other use of balance of 20% in future hence it contemplates to manufacture a part of the above product. Which is purchases from outside. The estimated cost of the part is under

Particular	RS
Direct material	4.00
Direct wages	7.00
Variable overheard	3.00
Fixed cost (20% of Rs 40 lakh)	8.00
Total	22.00

Should the company make the part or buy it from outside?

4. What is life cycle costing ? Give a diagram showing various stages of product life cycle in Management accounting.