

Enrollment No./Seat No.:

GUJARAT TECHNOLOGICAL UNIVERSITY
BBA/MBA INTEGRATED - SEMESTER - III EXAMINATION - WINTER 2025

Subject Code: BB03001011

Date: 28-11-2025

Subject Name: Management Accounting

Time: 10:30 AM to 01:30 PM

Total Marks: 70

Instructions

- 1. Attempt all questions.**
- 2. Make suitable assumptions wherever necessary.**
- 3. Figures to the right indicate full marks.**
- 4. USE of SIMPLE calculators AND non-programmable scientific calculators are permitted.**

Marks

Q.1 ALL 7 Questions must be Compulsory.

14

- (a) Define Management Accounting.
- (b) What is zero based budgeting.
- (c) What is break even point.
- (d) Write features of Management Accounting.
- (e) Define Target Costing.
- (f) Explain the terms Budget & Budgetary Control.
- (g) Write objectives of Management Reporting.

Q.2 (a) What is Activity Based Costing? Give its definition & state it's characteristics.

07

(b) From the following Profit and Loss Account, draw up a Reconciliation Statement, reconciling the profit as shown by two sets of Accounts. **07**

Dr. Profit and Loss Account for the year ending 31/3/2025 Cr.

Particulars	₹	Particulars	₹
To Office Salaries	11,280	By Gross Profit	54,650
To Office expenses	6,510	By Dividend received	400
To Salesmen's Salaries	4,920	By Interest on bank deposit	150
To Sales expenses	9,300		
To Distribution expenses	3,000		
To Loss on sale of machinery	1,950		
To Fine	200		
To Discount on debentures	100		
To Net Profit	17,940		
	55,200		55,200

The cost accountant of the company has ascertained a profit of ₹ 19,640.

OR

- (b) A factory is currently working to 50% capacity and produces 10,000 units. Estimate the profits of the company when it works to 70% & 85% capacity and offer your comments. 07

At 70% working, raw material cost increases by 2% and selling price falls by 2%. At 85%, raw material cost increases by 5% and selling price falls by 5%. At 50% capacity working, the product costs ₹180 per unit and is sold at ₹ 200 per unit.

The unit cost of ₹ 180 is made up as follows:

Material	₹ 100
Labour	₹ 30
Factory overheads	₹ 30 (40% fixed)
Administration overheads	₹ 20 (50% fixed)
Total	₹ 180

- Q.3 (a)** Discuss the users of Management Accounting 07

- (b) In a factory the standard production during June 2025 was fixed at 180 kgs. For which standard cost was as follows: 07

Material X	120 kg	Per ₹ 10	₹ 1200
Material Y	80 kg	Per ₹ 50	₹ 4000
Total	200 kg		₹ 5200
(-) 10% loss	20 kg		-
Production	180 kg		₹ 5200

Details about actual production were as follows:

Material X	130 kg	Per ₹ 12	₹ 1560
Material Y	70 kg	Per ₹ 50	₹ 3500
Total	200 kg		₹ 5060
(-) loss	30 kg		-
Production	170 kg		₹ 5060

Calculate Material Variances

OR

- (a) What is Standard Costing ? Discuss its Characteristics? 07

- (b) The data from the Budget and Actual data of a factory for July 2024 are as follows: 07

Budgeted production	300 Units
Budgeted variable overheads	₹ 6000
Standard time for production of one unit	20 Hours
Actual production during the month	250 Units
Actual hours during the month	7000 Hours
Actual variable overheads	₹ 6300

Calculate variable overhead variances from the above data.

- Q.4 (a)** Discuss the different types of Budget in brief. 07

- (b)** (1) From the following information, in the present circumstances find out Net Profit, Sales at break-even point and necessary Sales to earn a net profit of ₹ 90,000. Sales ₹ 3,00,000; Contribution 30%; Fixed Expenses Rs. 60,000. **07**
- (2) In a unit, Sales are ₹ 2,00,000; Variable Expenses ₹ 1,00,000 and Fixed Expenses ₹ 50,000. If the selling price is reduced by 10%, find out sales at break-even point.

OR

- (a)** What is Just-in-time Approach? Discuss its characteristics. **07**
- (b)** The following data relate to a company manufacturing one type of machine, regarding production and sales at different levels. You have to determine at what level the company should continue to produce. For this purpose make use of differential costs and incremental revenue. **07**

Output (in Lac Units)	Selling Price per Machine (Rs.)	Semi-Fixed Costs (Total) (Rs. in lacs)	Total Variable Costs (Rs. in lacs)	Total Fixed Costs (Rs. in lacs)
0.60	240	30	83.6	28.4
1.20	220	30	163.6	28.4
1.80	200	34	255.6	28.4
2.40	180	34	315.6	28.4
3.00	160	40	355.6	28.4
3.60	140	40	380.6	28.4

- Q.5 (a)** Discuss the advantages & limitations of Marginal Costing. **07**

- (b) From the following data, prepare Cash Budget for the period from 1st July to 31st December, 2024 when the opening cash balance is expected to be ₹ 50,000.

07

Marks 7

Month	Sales	Purchase	Wages	Mfg Exp.	Adm Exp	Selling Exp.
May	200000	90000	18000	12000	7000	8000
June	180000	95000	20000	14000	8000	9000
July	210000	94000	19000	10000	7000	8000
August	170000	94000	15000	13000	5000	8500
September	175000	85000	22000	14500	6500	8600
October	220000	72000	18000	11000	7200	9300
November	212000	75000	21000	9500	7500	7800
December	250000	65000	20000	10000	7400	6500

Additional Information: (1) Machinery to be purchased for ₹ 60,000 in July will be payable on delivery. (2) Period of credit allowed by suppliers is 1 month and the same credit period is allowed to customers. (3) Wages are paid after one week, while factory, administrative expenses and selling expenses are paid one month after the month in which they are incurred. (4) A sales commission of 2.5 % on sales is paid two months after sales. (5) Machinery to be purchased in August for ₹ 1,80,000 is payable in equal instalments in September and October.

OR

- (a) What is Management Reporting? Discuss the nature of Management Reporting.

07

- (b) The cost of manufacturing a part is given below (on the basis of production of 1,00,000 units).

07

Direct Material Cost:	Cost Per Unit (₹)
Part purchased from outside	20
Other Materials	4
Direct Wages	6
Variable Overheads	4
Fixed Overheads (Total Rs. 40 lakhs)	40
Total Cost	74

The company is operating at 80 per cent capacity and it will not be making any other use of balance of 20 per cent capacity in future. Hence, it contemplates to manufacture a part of the above product, which it purchases from outside. The estimated cost of the part is as under:

Direct Materials	₹ 4
Direct Wages	₹ 7
Variable Overheads	₹ 3
Fixed Costs (20% of Rs. 40 lakhs)	₹ 8
Total Cost	₹ 22

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