

2026

BUSINESS ADMINISTRATION — HONOURS

Paper : BBAA-602-CC14/F

(Management Accounting)

Full Marks : 75

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

1. Answer **any ten** questions :

2×10

- (a) Define Management Accounting.
- (b) What is sunk cost?
- (c) Differentiate between fixed cost and variable cost.
- (d) Give two features of Activity Based Costing.
- (e) What is Margin of Safety?
- (f) What is transfer pricing?
- (g) What is Life Cycle Costing?
- (h) What is a flexible budget?
- (i) What is responsibility accounting?
- (j) Give two limitations of Standard Costing.
- (k) What is P/V ratio?
- (l) How would you determine Break-even sales?
- (m) What is the formula for determining Material Cost Variance?
- (n) What is Target Costing?
- (o) How Cash Budget is helpful?
- (p) What is Functional budget?

Please Turn Over

(4526)

Group - B

2. Answer **any five** questions :

5×5

- (a) Differentiate between Management Accounting and Financial Accounting.
- (b) Administrative overhead for 6000 units is ₹ 96,000 and for 10,000 units is ₹ 1,20,000. Determine the fixed and variable components of administrative overhead.
- (c) X Ltd. sells 8000 units of its product at a loss of ₹ 16,000.
Variable cost per unit is ₹ 12 and fixed cost is ₹ 48,000.
Calculate : (i) Profit-Volume Ratio, and
(ii) The number of units to be sold to earn a profit of 10,000.
- (d) Differentiate between budgetary control and standard costing.
- (e) The standard raw materials cost of producing 300 units of Product A were as follows :
600 units of Raw Materials @ ₹ 50 per unit, ₹ 30,000.
But actual Raw Materials cost of producing 300 units of Product A were 1000 units of Raw Material @ ₹ 40 per unit ₹ 40,000.
Determine
(i) Raw Materials Cost Variance
(ii) Raw Materials Price Variance
(iii) Raw Materials Usage Variance.
- (f) A Company incurs the following expenses to produce 1000 units of an article :
Direct Material ₹ 30,000
Direct Labour ₹ 15,000
Power (20% fixed) ₹ 10,000.
Repairs and Maintenance (15% fixed) ₹ 8,000
Depreciation (40% variable) ₹ 6,000
Administrative Expenses (100% fixed) ₹ 12,000.
Prepare a Flexible Budget showing traditional expenses of Production Levels at 1,500 units and 2,000 units.
- (g) Expansion Ltd. manufactures Automobiles accessories and parts. The following are the total costs of processing 100000 units :

Direct Material Cost	₹ 5 lakhs
Direct Labour Cost	₹ 8 lakhs
Variable factory Overhead	₹ 6 lakhs
Fixed factory Overhead	₹ 5 lakhs

(3)

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The purchase price of the component is ₹ 22. The fixed overhead would continue to be incurred even when the component is bought from outside, although there would have been reduction to the extent of ₹ 2,00,000.

Required :

Should the parts be made or bought considering that the present facility, when released following buying decision, would remain idle?

In case the released capacity can be rented out to another manufacturer for ₹ 1,50,000, what should be the decision.

(h) On the basis of following information, you are required to ascertain :

(i) Sales to break-even

(ii) Sales to earn a profit of ₹ 60,000 if selling price per unit is reduced by Re 1.

Sales (10000)	₹ 1,60,000
Variable Cost	₹ 96,000
Fixed Cost	₹ 48,000

Group - C

Answer *any three* questions.

3. Fill in the blanks for each of the following independent situation :

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Situation	P	Q	R	S	T
Selling price per unit	? (a)	₹ 50	₹ 20	? (g)	₹ 30
Variable cost as % of selling price	60	? (c)	75	75	? (i)
No. of units sold	10,000	4,000	? (e)	6,000	5,000
Contribution	₹ 20,000	₹ 80,000	? (f)	₹ 25,000	₹ 50,000
Fixed cost	₹ 12,000	? (d)	₹ 1,20,000	₹ 10,000	? (j)
Profit / Loss	? (b)	₹ 20,000	₹ 30,000	? (h)	₹ 15,000

4. From the following information, prepare a cash budget for the quarter ending 30.6.2025 :

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Month	Sales	Purchases	Wages	Misc. Expenses
February	1,20,000	84,000	10,000	7,000
March	1,30,000	1,00,000	12,000	8,000
April	80,000	1,04,000	8,000	6,000
May	1,16,000	1,06,000	10,000	12,000
June	88,000	80,000	8,000	6,000

Please Turn Over

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Additional information :

- (a) Cash on hand on 01.04.2025 was ₹ 5,000.
 - (b) Sales - 20% realized in the month of sale; Discount allowed - 2%, balance realized after two months.
 - (c) Purchases are paid one month after.
 - (d) Wages - 25% in arrears paid in the following month.
 - (e) Other expenses are paid at a time lag of one month.
 - (f) Income tax ₹ 25,000 was due on or before 30.6.2025.
5. By making and selling 7000 units of its product, a Company would lose ₹ 10,000; whereas in the case of 9000 units, it would make a profit of ₹ 10,000 instead, Calculate –
- (a) The amount of Fixed expenses;
 - (b) The no. of units to Break-Even;
 - (c) The profit or loss for 10,000 units; and
 - (d) The no. of units to earn a profit of ₹ 40,000.
6. Compute the missing data indicated by the question marks from the following :

	A	B
Standard Price per unit (₹)	12	15
Actual Price per unit (₹)	15	20
Standard Input (kg)	50	?
Actual Input (kg)	40	70
Material Price Variance (₹)	?	?
Material Usage Variance	?	300 Adverse
Material Cost Variance	?	?

7. Write short notes on (*any two*) :
- (a) Break-even Chart
 - (b) Objectives of Transfer Pricing
 - (c) Differences between Traditional Costing and Activity Based Costing.