

Enrollment No./Seat No.:

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA - SEMESTER - II EXAMINATION - WINTER 2025

Subject Code: MB02095011

Date: 22-01-2026

Subject Name: Management Accounting and Costing

Time: 02:30 PM TO 05:30 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) Differentiate between Cost Accounting and Management Accounting.	
(b) State two functions of Management Accounting.	
(c) What is Activity-Based Costing (ABC)?	
(d) Calculate the Economic Order Quantity (EOQ) given: Annual Demand = 5,000 units; Ordering Cost = ₹100/order; Holding Cost = ₹2/unit/year.	
(e) What is the difference between Marginal Costing and Absorption Costing?	
(f) Define Budgetary Control.	
(g) What is Kaizen Costing?	
Q.2 (a) Explain the role of Management Accountant in decision-making.	07
(b) Discuss the various techniques of inventory management	07
OR	
(b) Opening stock: 100 units @ ₹10 Purchase 1: 200 units @ ₹12 Issue: 150 units Purchase 2: 100 units @ ₹14 Find closing stock value using Weighted Average Method.	07
Q.3 (a) Explain the concept and significance of Target Costing.	07

- (b)** Opening WIP: Nil **07**
Units started = 10,000
Units completed = 9,000
Closing WIP = 1,000 (50% complete)
Costs incurred: ₹90,000.
Find cost per equivalent unit and closing WIP value.

OR

- (a)** Define and explain the concept of Life Cycle Costing. **07**
(b) Sales = ₹5,00,000; Variable Cost = ₹3,00,000; Fixed Cost = ₹1,20,000. **07**
Find: (i) P/V ratio, (ii) BEP, (iii) Profit.

- Q.4 (a)** Explain the concept of Variance Analysis in Standard Costing **07**
(b) Standard Qty = 500 kg @ ₹10/kg **07**
Actual Qty = 450 kg @ ₹12/kg
Find: (a) Material Cost Variance (MCV), (b) Price Variance, (c) Usage Variance.

OR

- (a)** Explain the concept of Learning Curve Theory with managerial use. **07**
(b) Expected cash inflows: Jan ₹40,000; Feb ₹60,000; Mar ₹50,000 **07**
Expected outflows: Jan ₹30,000; Feb ₹70,000; Mar ₹40,000
Opening cash balance ₹10,000.
Prepare cash budget for 3 months.

Q.5 Costing and Decision-Making at GreenTech Appliances Ltd.

GreenTech Appliances Ltd. manufactures eco-friendly mixer grinders in its Ahmedabad plant.

The company uses both absorption costing and marginal costing techniques to analyze performance.

Recently, management noticed a drop in profits despite increasing sales. The cost data for April 2025 is as follows:

Particulars	Amount
Sales (5,000 units)	₹25,00,000
Direct Material	₹8,00,000
Direct Labour	₹5,00,000
Variable Overheads	₹2,00,000
Fixed Overheads	₹4,00,000
Selling Price per unit	₹500
Variable Cost per unit	₹300

Management is considering introducing a new model that would require an additional fixed investment of ₹2,00,000 per month but could increase sales volume by 1,500 units at a reduced price of ₹480 per unit.

- (a) Explain how Marginal Costing helps in managerial decision-making such as pricing, product mix, and make-or-buy decisions. **07**
- (b) Calculate: **07**

Contribution per unit

P/V Ratio

Break-even point (in units and ₹)

OR

- (a) Discuss the importance of Budgetary Control in planning and coordination for GreenTech Appliances Ltd. **07**
- (b) If the new model is launched (extra fixed cost ₹2,00,000; selling price ₹480; variable cost ₹300; expected 1,500 additional units), determine whether the proposal should be accepted. **07**
