INDIRA UNIVERSITY, PUNE

SET-2

SCHOOL OF COMMERCE & ECONOMICS- MCOM

Special Term End Examination (2025 Pattern) May – 2026 - Semester – I

Subject Name: Management Accounting **Max. Marks: 50**
Subject Code: 25MOC101T **Time: 2.30 Hrs.**

Instructions

- Instructions 1 : All the questions are compulsory
- Instructions 2 : Use of calculator is permitted

CO #	Cognitive Ability	Course Outcome
CO1	**Remember**	Recall and define the fundamental concept, objectives and terminology related to management accounting
CO2	**Understand**	Understand the basic concepts of accounting, budgeting and working capital management and their role in business decisions.
CO3	**Apply**	Apply basic concepts and techniques of management accounting
CO4	**Analyse**	Analyse management accounting data and techniques including marginal costing, CVP Analysis and make or buy decision for effective management decision
CO5	**Evaluate**	Evaluate working capital management by studying current assets and current liabilities for effective financial control
CO6	**Create**	Create various budget such as sales, production , cash flexible to plan and mange business operation

Q1.	**Fill in the blanks: (5 out of 7)** **(5 Marks)** **i. The use of management accounting is: _____________** a. Compulsory b. Optional c. Mandatory d. Any of the above ii. **Which of the following is not included in the scope of management accounting?** a. Financial accounting b. Cost accounting c. Tax accounting d. None of these. iii. **Marginal cost does not include_____________** a. Variable cost b. Fixed cost c. Variable Overhead d. Direct expenses **iv. An increase in the variable cost_____________** a. Increases PV ratio b. Decreases PV ratio c. Increases Profit d. Increases contribution **v. A budget is tool which helps the management in planning and control of_____________** a. All business activities b. Production activities c. Purchase activities d. Sales activities vi. **In cash budget, ______________ transactions are considered.** (a) Cash (b) Credit (c) all financial (d) None of the above	CO1

vii. **"Gross working capital" means the same thing as ________.**

a. Fixed assets.
b. Current assets.
c. Working capital.
d. Cost of capital.

Q2. **State whether true or false: (5 out of 7)** **(5 Marks)** CO2

i. One advantage of management accounting is that it helps in planning and controlling operations.

ii. Marginal costing ignores variable costs when calculating contribution.

iii. Management accounting provides both financial and non-financial information for decision-making.

iv. Cash budget is prepared only for recording past cash transactions.

v. Budget manual is used only for recording past financial transactions.

vi. Budgets are prepared only after the accounting year is over.

vii. High working capital always means better efficiency.

Q.3 **Write short notes: (2 out of 3)** **(10 Marks)** CO3

i. Scope of management Accounting
ii. Techniques of management Accounting
iii. use of inventory management as tool of working capital management

Q.4 **A.** United Producers Ltd. Udaypur submitted the following cost data to manufacture and sold one single product. **(10 Marks)** CO4

Material cost per	Rs.16
Conversion cost variable per unit	Rs. 12
Dealers margin 10% of sale	Rs. 04
Selling price per unit	Rs.40
Fixed cost	Rs.5,00,000
Present sale	Rs.90,000
Present capacity	60%

There is a tough competition in the national market hence extra efforts are necessary to increase the turnover. Following are suggestions made accordingly.

i. Selling price should be reduced by 5 % where, it is expected that conversion cost is likely to increase by Rs. 0.20 per unit.
ii. Dealers margin should be increased by 25% of the existing rate where it is expected that conversion cost is likely to decrease by Rs. 0.20 per unit.

If the company desires to maintain the current profit, which of the two suggestions you would consider as more practicable? Comment.

OR

B. What is significance of contribution? Explain its uses.

Q.5

A. Calculate the amount of working capital requirement for SRCC Ltd. from the following information : (10 Marks)

CO5

	(Per Unit)
Raw material	160
Direct labour	60
Overheads	120
Total cost	340
Profit	60
Selling price	400

i. Raw materials are held in stock on an average for one month.
ii. Materials are in process on an average for half-a month.
iii. Finished goods are in stock on an average for one month.
iv. Credit allowed by suppliers is one month and credit allowed to debtors is two months.
v. Time lag in payment of wages is 1½ weeks.
vi. Time lag in payment of overhead expenses is one month.
vii. One fourth of the sales are made on cash basis.
viii. Cash in hand and at the bank is expected to be 50,000, and expected level of production amounts to 1,04,000 units for a year of 52 weeks.

You may assume that production is carried on evenly throughout the year and a time period of four weeks is equivalent to a month.

OR

B. Evaluate the importance of inventory management in effective working capital control.

Q.6

ABC co. ltd. Wishes to arrange overdraft facilities with the bankers during the period of April to June 2024. When it will be manufacturing mostly for stock. Prepare cash budget for the above period from the following data indicating the extent of bank facilities the company will require at the end of each year.

(10 Marks)

CO6

Months	**Sales**	**Purchases**	**Wages**
Feb	180000	124800	12000
March	192000	144000	14000
Apr	108000	243000	11000
May	174000	246000	10000
Jun	126000	268000	15000

i. 50% of the sale are realized in the month following the sales and remaining 50% in the second month following.
ii. Creditors are paid in the month following the purchase.
iii. Lag in payment of wages is half month.
iv. Cash at bank on 1st April 2024 is Rs. 25,000

*****