

# INDIRA UNIVERSITY, PUNE

SET-3

SCHOOL OF COMMERCE & ECONOMICS-M.COM

Term End Examination (2025 Pattern) December – 2025 - Semester – I

Subject Name: Management Accounting  
Subject Code: 25MOC101T

Max. Marks: 50  
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 manage business operation

Q1.	<b>Fill in the blanks: (5 out of 7)</b> i. Which of the following is not an analytical tool of management accounting? a. Ratio analysis b. Standard costing c. Budgetary control d. Cash flow analysis ii. Which of the following is not a feature of management accounting? a. Accounting information b. Future oriented c. Management oriented d. Compulsory accounting. iii. At break Even Point _____ is equal to fixed cost. a. Profit b. Loss c. Contribution d. Sales iv. If sales is Rs.2,50,000 and PV ratio is 40%, contribution will be: a. 80,000 b. 50,000 c. 1,00,000 d. 25,000 v. Sales budget shows the sales details as _____ a. Month wise b. Product wise c. Area wise d. All of the above vi. What are the aspects of working capital management? a. Inventory management b. Receivable management c. Cash management d. All of the above vii. Contingencies are _____ a.Added to gross working capital b.Deducted from gross working capital c.Contingencies are not considered in financial management; it is considered in accounts only d.None of the above	<b>(5 Marks)</b>	CO1
Q2.	<b>State whether true or false: (5 out of 7)</b> i. Conventional financial accounting provides all the information needed for managerial decision-making.	<b>(5 Marks)</b>	CO2

	<ul style="list-style-type: none"> <li>ii. Management accounting cannot be used as a tool for decision-making.</li> <li>iii. Purchasing and leasing decisions do not require cost analysis.</li> <li>iv. Contribution = Sales – Variable cost.</li> <li>v. Fixed costs do not change with production volume.</li> <li>vi. The budget committee is responsible for coordinating and approving budgets.</li> <li>vii. Working capital requirement depends on the nature and size of the business.</li> </ul>																									
Q.3	<p><b>Write short notes: (2 out of 3) (10 Marks)</b></p> <ul style="list-style-type: none"> <li>i. Limitations of Financial Accounting</li> <li>ii. Compare the options of leasing or purchasing a machine</li> <li>iii. Distinguish between gross working capital and net working capital</li> </ul>	CO3																								
Q.4	<p>Crompton India Ltd. Chennai provides the following cost data extracted from the budget estimate for the next year. (10 Marks)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Particulars</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Total Turnover (40,000 units of Rs. 9 Per unit)</td> <td>3,60,000</td> </tr> <tr> <td><b>Less: Variable Cost</b></td> <td></td> </tr> <tr> <td>    Prime cost material</td> <td>1,60,000</td> </tr> <tr> <td>    Productive Labour</td> <td>60,000</td> </tr> <tr> <td>    Chargeable Expenses</td> <td><u>20,000</u></td> </tr> <tr> <td><b>Gross Margin</b></td> <td>1,20,000</td> </tr> <tr> <td><b>Less: Fixed cost</b></td> <td></td> </tr> <tr> <td>    Production</td> <td>50,000</td> </tr> <tr> <td>    Administration</td> <td>10,000</td> </tr> <tr> <td>    Selling</td> <td><u>40,000</u></td> </tr> <tr> <td><b>Net Margin</b></td> <td>20,000</td> </tr> </tbody> </table> <p>To increase the profitability in the budget estimates, it is proposed that,</p> <ul style="list-style-type: none"> <li>i. To reduce the selling price to Rs. 8 per unit</li> <li>ii. To increase the volume of sales to Rs. 60,000 units</li> </ul> <p>You are required to find out the amount of the net profit which will be achieved as per the proposals made should be accepted?</p> <p style="text-align: center;"><b>OR</b></p> <p><b>B. Explain the Techniques of Managerial Cost Accounting and discuss their role in management control.</b></p>	Particulars	Rs.	Total Turnover (40,000 units of Rs. 9 Per unit)	3,60,000	<b>Less: Variable Cost</b>		Prime cost material	1,60,000	Productive Labour	60,000	Chargeable Expenses	<u>20,000</u>	<b>Gross Margin</b>	1,20,000	<b>Less: Fixed cost</b>		Production	50,000	Administration	10,000	Selling	<u>40,000</u>	<b>Net Margin</b>	20,000	CO4
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Q.5	<p>A. You are required to prepare a statement showing the working capital needed to finance a level of annual activity of 52,000 units of output. The following information are available : (10 Marks)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Elements of cost per unit</th> </tr> </thead> <tbody> <tr> <td>Raw materials</td> <td>8</td> </tr> <tr> <td>Direct labour</td> <td>2</td> </tr> <tr> <td>Overheads</td> <td>6</td> </tr> <tr> <td>Total cost</td> <td>16</td> </tr> <tr> <td>Profit</td> <td>4</td> </tr> <tr> <td>Selling price</td> <td>20</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>i. Raw materials are in stock, on an average for 4 weeks.</li> <li>ii. Materials are in process, on an average, for 2 weeks.</li> <li>iii. Finished goods are in stock, on an average, for 6 weeks.</li> <li>iv. Credit allowed to customers is for 8 weeks.</li> </ul>		Elements of cost per unit	Raw materials	8	Direct labour	2	Overheads	6	Total cost	16	Profit	4	Selling price	20	CO5										
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- v. Credit allowed by suppliers of raw materials is for 4 weeks.
  - vi. Lag in payment of wages is 1½ weeks.
  - vii. It is necessary to hold cash in hand and at bank amounting to 75,000.
- It may be noted that production is carried on evenly during the year and wages and overheads accrue similarly

**OR**

**B. Critically evaluate the importance of cash management as a component of working capital.**

Q.6

S. K. Brothers wish to approach the bankers for temporary overdraft facility for the period from October 2023 to December 2023. During the period of this period of these three months, the firm will be manufacturing mostly for stock. You are required to prepare a cash budget for the above period. **(10 Marks)**

CO6

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
August	3,60,000	2,49,600	24,000
September	3,84,000	2,88,000	28,000
October	2,16,000	4,86,000	22,000
November	3,48,000	4,92,000	20,000
December	2,52,000	5,36,000	30,000

(a) 50% of credit sales are realized in the month following the sales and remaining 50% in the second following.

(b) Creditors are paid in the month following the month of purchase

(c) Estimated cash as on 1-10-2023 is Rs.50,000.

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