



K.R. MANGALAM UNIVERSITY

THE COMPLETE WORLD OF EDUCATION

Roll no.....

End Semester Examination, December 2024
MBA-DM and MBA-IBM (3rd Semester)
MANAGEMENT ACCOUNTING (SMMC201)

Time: **2.5 hrs.**

Max Marks: **50**

Note: **All Questions are compulsory.** Marks are indicated against each question.

PART-A

Q.1 Attempt any five questions from the following:

(a)	State two difference between financial accounting and management accounting.	[CO-1] [L-2] 2
(b)	Explain the concept of direct material, direct labor and direct expenses.	[CO-1] [L-2] 2
(c)	Highlight two key differences between absorption costing and marginal costing.	[CO-1] [L-2] 2
(d)	Define budget, budgeting and budgetary control.	[CO-1] [L-2] 2
(e)	What do you understand by contribution margin? Explain.	[CO-1] [L-2] 2
(f)	Write down two limitations of Ratio analysis.	[CO-1] [L-2] 2

PART-B

Q.2	Sujata Pvt. Ltd manufactures and sells mixer grinders at ₹800 per unit. The company anticipates selling 50,000 units in January, with a projected 10% growth in sales each month thereafter. However, due to market fluctuations, sales may be decreased by 2,500 units in April. To stimulate demand in the following months, the company planning to reduce the selling price to ₹750 per unit. As a result, an increase in sales is expected by 7,000 units in May and 5,000 units in June, after which a monthly growth rate of 10% is expected to resume. Sujata Pvt Ltd also maintains a policy of keeping 10% of the following month's sales as the closing inventory. You are required to prepare sales and Production Budget for a period of 6 month (Jan to June 2025). OR Applying an effective budgetary control is essential for every organization. In the light of above statement explains different types of budget that is applicable to a manufacturing company.	[CO-2] [L-3] 10									
Q.3	Demonstrate your understanding of the Break Even Point by explaining it and illustrating with a diagram. OR The following information has been provided with respect to a company: <table><tr><th>Year</th><th>Sales</th><th>Profit</th></tr><tr><td>2023</td><td>120000</td><td>8000</td></tr><tr><td>2024</td><td>140000</td><td>13000</td></tr></table> Calculate: (i) P/V Ratio (ii) B.E. Point (iii) Profit when sales are Rs. 180,000	Year	Sales	Profit	2023	120000	8000	2024	140000	13000	[CO-3] [L-3] 10
Year	Sales	Profit									
2023	120000	8000									
2024	140000	13000									

- (iv) Sales to earn a profit of Rs. 12000
(v) Margin of Safety for the year 2024

Q.4

The following information has been provide with respect to the balance sheet of a company:

[CO-4] [L-4]
10

Particulars	As on March 31	
	2025	2024
I. EQUITY AND LIABILITIES		
1. Shareholders' Fund		
Share Capital	2000000	1500000
Reserve and Surplus	1300000	1400000
2. Non-current Liabilities		
Long term Borrowing	1900000	1600000
3. Current Liabilities	300000	200000
TOTAL	5500000	4700000
II. ASSETS		
1. Non Current Assets		
Fixed Assets		
Tangible Assets	2000000	1500000
Intangible Assets	1900000	1600000
2. Current Assets		
Inventories	1300000	1400000
Cash and Cash Equivalent	300000	200000
TOTAL	5500000	4700000

Prepare Comparative Balance sheet and analyse how the financial position of the company has changed during the period.

OR

Annalyse the significance of Cash Flow Analysis in management accounting. Discuss the role of cash flow from different activities in evaluating a company's financial health and performance.

Q.5

The PQR Ltd. has the following cost structure of the one unit of its product Alpha and Beta:

[CO-5] [L-5]
10

Particulars	Product Alpha	Product Beta
Raw Material	160	220
Wages	20	30
Variable overheads	90	100
Total Variable Cost	270	350
Fixed Cost	30	40
Total Cost	300	390

Evaluate whether the company should produce the product in-house or purchase it from the market, given that Product Alpha is available at Rs. 280 and Product Beta at Rs. 340. Additionally, provide a recommendation if the market prices changes to Rs. 240 for Product Alpha and Rs. 360 for Product Beta.

OR

Explain the importance of marginal costing in evaluating business decisions. Write down any five business decisions that could be evaluated using the marginal costing technique.