Name: **Enrolment No:**	

UPES

End Semester Examination, December 2024

Course: Management Accounting
Semester: I Semester

Program: INT BCOM-B.COM (HONS) **Time : 03 hrs.**
Course Code: FINC1026 **Max. Marks: 100**

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		**Marks**	**CO**
Q 1	Select the right options for the given questions. (All the questions are mandatory)		**CO1**
(i)	The prime cost includes which of the following? A) Direct labor and direct material B) Indirect labor and direct material C) Indirect labor and indirect material D) Selling and distribution costs	**2**	**CO1**
(ii)	Which of the following is a fixed cost in the context of budgeting? A) Raw material costs B) Direct labor costs C) Rent on factory building D) Sales commissions	**2**	**CO1**
(iii)	The flexible budget is useful because it: A) Remains unchanged regardless of the actual level of activity B) Is based on historical costs C) Adjusts for changes in the actual level of activity or production D) Focuses solely on fixed costs	**2**	**CO1**
(iv)	In marginal costing, the contribution margin is calculated as: A) Sales revenue - Total cost B) Sales revenue - Fixed costs C) Sales revenue - Variable costs D) Sales revenue - Profit	**2**	**CO1**
(v)	The break-even point under marginal costing occurs when: A) Total contribution equals fixed costs	**2**	**CO1**

	B) Total sales equals total variable costs C) Total revenue equals total costs D) Total fixed costs exceed total variable costs		
(vi)	Performance of divisions are evaluated based on: A) Revenue generated B) Costs controlled C) Return on investment (ROI) or residual income D) Ability to maintain market share	**2**	**CO1**
(vii)	Which of the following is included in the "Administrative Overheads" of a cost sheet? A) Factory rent B) Office salaries C) Direct material costs D) Sales commissions	**2**	**CO1**
(viii)	If the contribution margin is Rs. 500,000 and fixed costs are Rs. 300,000, the company will have: A) A profit of Rs. 200,000 B) A loss of Rs. 200,000 C) A profit of Rs. 500,000 D) A break-even point	**2**	**CO1**
(ix)	A responsibility center is: A) A unit of the organization that is responsible for its own revenues, costs, and profits B) A section of the company where overhead costs are allocated C) A unit that is only responsible for increasing the company's share value D) A department that is responsible for sales forecasting	**2**	**CO1**
(x)	What is the primary purpose of budgeting? A) To predict the exact amount of profit for the year B) To allocate resources and plan for future expenditures C) To reduce the costs of production D) To track historical financial performance	**2**	**CO1**
SECTION B **4Qx5M= 20 Marks**			
	Answer the following Questions		**CO2**
Q2	List and briefly explain the different methods of transfer pricing used by organizations.	**5**	**CO2**
Q3	Explain the impact of technology on the role of a management accountant.	**5**	**CO2**
Q4	Why is it important to measure the performance of individual divisions?	**5**	**CO2**

Q5	From the following data, compute Break-even sales and Margin of safety. <table><tr><th>Items</th><th>₹</th></tr><tr><td>Sales</td><td>10,00,000</td></tr><tr><td>Fixed Cost</td><td>3,00,000</td></tr><tr><td>Profit</td><td>2,00,000</td></tr></table>	**5**	**CO2**
SECTION-C **3Qx10M=30 Marks**			
	Answer the following Questions		**CO3**
Q6	Develop a detailed framework for implementing a management accounting system in a newly established company. Include considerations such as tools, team roles, and technology integration. **OR** Analyze the advantages and challenges of implementing Activity-Based Costing in a large manufacturing firm.	**10**	**CO3**
Q7	How would you use break-even analysis to determine the minimum sales volume needed to avoid losses? Discuss the assumptions that must hold true for this analysis to be accurate.	**10**	**CO3**
Q8	Sunanda Ltd bring out two products, Shikha' and 'Shakti', which are popular on the market. The management has the option to alter the sales mix of the two products from out of the following combinations: <table><tr><th>Options</th><th>Shikha (units)</th><th>Shakti (units)</th></tr><tr><td>I</td><td>800</td><td>600</td></tr><tr><td>II</td><td>1600</td><td>-</td></tr><tr><td>III</td><td>-</td><td>1300</td></tr><tr><td>IV</td><td>1100</td><td>500</td></tr><tr><td colspan="3">The per unit production cost/sales data are</td></tr><tr><td>Direct Material (₹)</td><td>25</td><td>30</td></tr><tr><td>Direct Labour (hours)</td><td>10</td><td>12</td></tr><tr><td colspan="3">Variable factory overhead is 100% of direct labour cost for both products</td></tr><tr><td>Selling price (₹)</td><td>75</td><td>90</td></tr></table>Labour rate is 2 per hour; Common fixed overhead for both products is ₹10,000. You are required to: (i) prepare a marginal cost statement for the two products; and (ii) evaluate the options and identify the most profitable sales-mix.	**10**	**CO3**
SECTION-D **2Qx15M= 30 Marks**			
	Answer the following questions.		**CO4**
Q9	From the following information, prepare a cost sheet for period ended on 31st December 2024. Opening stock of raw material 12,500	**15**	**CO4**

<table>
<tr>
<td></td>
<td>Purchases of raw material 1,36,000
Closing stock of raw material 8,500
Direct wages 54,000
Direct expenses 12,000
Factory overheads 100% of direct wages
Office and administrative overheads 20% of works cost
Selling and distribution overheads 26,000
Cost of opening stock of finished goods 12,000
Cost of Closing stock of finished goods 15,000
Profit on sales is 20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10</td>
<td>Marvel manufacturers can produce 4000 units of a certain product at 100% capacity. The following information is available from the books of accounts:
<table>
<tr><th>Items</th><th>August 2023</th><th>September 2024</th></tr>
<tr><td>Units</td><td>2800</td><td>3600</td></tr>
<tr><td>Repair and Maintenance</td><td>500</td><td>560</td></tr>
<tr><td>Power</td><td>1800</td><td>2000</td></tr>
<tr><td>Shop Labour</td><td>700</td><td>900</td></tr>
<tr><td>Consumable Stores</td><td>1400</td><td>1800</td></tr>
<tr><td>Salaries</td><td>1000</td><td>1000</td></tr>
<tr><td>Inspection</td><td>200</td><td>240</td></tr>
<tr><td>Depreciation</td><td>1400</td><td>1400</td></tr>
</table>
The rate of production per hour is 10 units. Direct Material per unit is ₹ 1 and direct wages per hour is ₹ 4.
You are required to prepare the flexible budget for 100%, 80% and 60% capacity.
OR
Evaluate the importance of responsibility accounting in promoting accountability and transparency in decision-making.</td>
<td>15</td>
<td>CO4</td>
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