



End Term (Odd) Semester Examination November 2025

Roll no.....

Name of the Course and semester: BBA III Semester

Name of the Paper: Management Accounting

Paper Code: BBA 301

Time: 3 hours

Maximum Marks: 100

Note:

- (i) All the questions are compulsory.
- (ii) Answer any two sub questions from a, b and c in each main question.
- (iii) Total marks for each question is 20 (twenty).
- (iv) Each sub-question carries 10 marks.

Q1.

(2X10=20 Marks)

- a. Explain the nature, scope, and importance of Management Accounting. How does it differ from Financial and Cost Accounting? CO1
- b. Discuss the major tools and techniques used by management accountants in decision-making. CO1
- c. "Management Accounting acts as a bridge between Financial Accounting and Management." Discuss this statement in detail, highlighting how Management Accounting information assists in planning, control, and decision-making functions of management. CO1

Q2.

(2X10=20 Marks)

- a. Discuss how marginal costing assists in decisions such as make or buy, accepting special orders, and determining selling price. CO2
- b. From the following data, prepare a **Cost Sheet**: CO3

| Particulars | Amount (₹) |
|------------------------------------|------------|
| Raw Materials Consumed | 2,00,000 |
| Direct Labour | 1,00,000 |
| Factory Overheads | 60,000 |
| Administrative Overheads | 40,000 |
| Selling and Distribution Overheads | 50,000 |
| Sales | 5,00,000 |
| Compute: | |
| (i) Prime Cost | |
| (ii) Factory Cost | |
| (iii) Cost of Production | |
| (iv) Cost of Sales | |
| (v) Profit. | |

- c. A company sells a product at ₹50 per unit. Variable cost is ₹30 per unit and Fixed Cost ₹2,00,000. Calculate:
 - (i) Break-even Point (Units and ₹)
 - (ii) P/V Ratio
 - (iii) Profit if 12,000 units are sold
 - (iv) Margin of Safety CO3

Q3.

(2X10=20 Marks)

- a. Discuss the role of budgeting in planning and controlling business operations. CO2



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b. The following information relates to a manufacturing company at 50% capacity:

| Particulars | Amount (₹) |
|-------------------------|------------|
| Fixed Overheads | 1,00,000 |
| Semi-variable Overheads | 50,000 |
| Variable Overheads | 2,00,000 |
| Sales | 6,00,000 |

Prepare a **Flexible Budget** for 60%, 80%, and 100% capacity levels, assuming semi-variable costs increase by 10% for every 20% increase in capacity. CO3

c. Prepare a **Cash Budget** for the months of January to March 2025 from the following data:

- Estimated Sales: Jan ₹1,20,000; Feb ₹1,60,000; Mar ₹2,00,000.
- 50% of sales are on credit and realized one month later.
- Purchases: Jan ₹80,000; Feb ₹1,00,000; Mar ₹1,20,000 (paid one month later).
- Wages ₹20,000 per month; Rent ₹5,000 per month.
- Opening Cash Balance ₹15,000.

Prepare the budget showing the closing cash balance for each month. CO3

Q4. (2X10=20 Marks)

a. Explain the objectives and classification of Cash Flow Statements under AS-3. What are the key differences between Direct and Indirect methods? CO2

b. Prepare a Cash Flow Statement by the *Direct Method* showing cash flows from Operating, Investing, and Financing Activities for the year ended 31st March 2025: CO3

Additional Information (₹):

Income Statement Data for 2024-25

Particulars Amount (₹)

| | |
|--|----------|
| Cash received from customers | 9,00,000 |
| Cash paid to suppliers | 5,50,000 |
| Cash paid for operating expenses | 1,20,000 |
| Cash paid for income tax | 40,000 |
| Interest received | 20,000 |
| Purchase of machinery | 1,50,000 |
| Sale of old machinery (book value ₹30,000) | 40,000 |
| Issue of equity shares | 2,00,000 |
| Redemption of debentures | 1,00,000 |
| Dividend paid | 50,000 |
| Opening cash balance | 60,000 |

Required:

Prepare a Cash Flow Statement (Direct Method) showing the following:

1. Cash Flow from Operating Activities
2. Cash Flow from Investing Activities
3. Cash Flow from Financing Activities
4. Net Increase/Decrease in Cash and the Closing Cash Balance

c. Explain the **treatment of the following items** while preparing a Cash Flow Statement: CO2

- Depreciation
- Dividend paid
- Issue of shares
- Sale of fixed assets

Q5.

(2X10=20 Marks)



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a. Discuss how ratio analysis can help investors, lenders, and management in evaluating business performance. CO2

b. The summarized balance sheets of A Ltd. are given below. Prepare a **Comparative Balance Sheet** showing absolute and percentage changes. CO3

| Liabilities | 2024 (₹) | 2025 (₹) | Assets | 2024 (₹) | 2025 (₹) |
|--------------------------|-----------------|-----------------|---------------------|-----------------|-----------------|
| Equity Share Capital | 3,00,000 | 4,00,000 | Fixed Assets | 3,00,000 | 3,80,000 |
| General Reserve | 50,000 | 80,000 | Investments | 50,000 | 80,000 |
| Profit & Loss A/c | 30,000 | 60,000 | Stock | 1,00,000 | 1,20,000 |
| Creditors | 70,000 | 90,000 | Debtors | 50,000 | 90,000 |
| Bills Payable | 50,000 | 40,000 | Cash in Hand | 20,000 | 30,000 |
| Outstanding Expenses | 20,000 | 30,000 | | | |
| Total Liabilities | 5,20,000 | 7,00,000 | Total Assets | 5,20,000 | 7,00,000 |

c. From the given Profit & Loss Account and Balance sheet of XYZ Ltd. Calculate: i) Current ratio ii) Proprietary ratio iii) Debt Equity ratio iv) Debtors Turnover ratio & Average collection period and v) Creditors turnover ratio CO4

Profit & Loss A/c for the year ended 31st March 2024

| Particulars | Amount | Particulars | Amount |
|-----------------------------|--------|--------------------|----------|
| To, Cost of goods sold | 175000 | By, Sales (Credit) | 3,00,000 |
| To, Administrative expenses | 25,000 | | |
| To, Finance expenses | 15,000 | | |
| To, Selling expenses | 20,000 | | |
| To, Depreciation | 15,000 | | |
| To, Provision for tax | 20,000 | | |
| To, Net Profit | 30,000 | | |
| | 300000 | | 3,00,000 |

Balance Sheet as on 31st March 2024

| Liabilities | Amount | Assets | Amount |
|--------------------------|--------|----------------------|--------|
| Equity Share Capital | 100000 | Land & Building | 185000 |
| Preference Share Capital | 50000 | Long term Investment | 40000 |
| Reserves | 35000 | Stock | 35000 |
| 10% Debentures | 50000 | Debtors | 30000 |
| Creditors | 20000 | Cash & Bank | 10000 |
| Outstanding expenses | 45000 | | |
| | 300000 | | 300000 |