



End Term (Odd) Semester Examination November 2025

Roll no.....

Name of the Course and semester: B.Com (Hons) Vth Sem

Name of the Paper: Management Accounting

Paper Code: BCH 503

Time: 3 hour

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. Examine the nature and scope of Management Accounting and differentiate it from Financial Accounting with suitable examples. (CO1)

b. From the following summarized financial information of X Ltd. and Y Ltd.. Calculate

i) Current Ratio ii) Net profit ratio iii) Stock turnover ratio iv) EPS v) Debt equity Ratio and compare the two companies on the basis of the above ratios and give a brief comment. (CO 4)

Particulars	X Ltd	Y Ltd
Fixed Assets	15,00,000	20,00,000
Stock	2,40,000	2,00,000
Debtors	1,60,000	1,50,000
Cash	1,00,000	1,30,000
Sales	24,00,000	30,00,000
Net profit after tax	5,00,000	5,40,000
Equity Share capital	10,00,000	14,00,000
General Reserve	1,40,000	1,00,000
Debenture	4,00,000	6,00,000
Long term Loan	2,00,000	2,80,000
Bank Overdraft	1,00,000	60,000
Creditors	1,60,000	40,000
Cost of sales	20,00,000	26,00,000

c. Prepare a Statement of changes in working capital and fund flow statement from the following Balance Sheets: (CO4)

Liabilities	2024	2025	Assets	2024	2025
Share Capital	10,00,000	11,00,000	Fixed Assets	9,90,000	11,00,000
Profit and Loss A/C	2,00,000	2,40,000	Stock	98,000	1,54,000
Sundry Creditors	30,000	40,000	Debtors	60,000	20,000
	12,30,000	13,80,000	Cash	82,000	1,06,000
				12,30,000	13,80,000

Q2.

(2X10=20 Marks)

a. Budgetary Control is not just a control technique but a complete management process.”

Critically analyze this statement in light of the objectives, merits, and limitations of budgetary control. (CO3)

b. The following data relate to a company manufacturing a single product:

(CO2)



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Particulars	At 50% capacity (₹)
Sales	8,00,000
Material	2,00,000
Labour	1,50,000
Factory Overheads	1,20,000 (60% fixed)
Administrative Overheads	80,000 (75% fixed)

Prepare a Flexible Budget showing estimated costs and profit at 60% and 80% capacity. Also, analyze the trend of total cost and profit as capacity utilization increases.

c. The following are the estimated receipts and payments for Zenith Ltd. for April–June 2025:

Particulars	Amount in ₹
Estimated Sales	Feb ₹1,00,000; Mar ₹1,20,000; Apr ₹1,40,000; May ₹1,60,000; Jun ₹1,80,000
Wages:	₹20,000 per month
Overheads	₹10,000 per month
Opening cash balance (1 April):	₹15,000
50% of sales are collected in the month of sale, 30% in next month, 20% in second month after sale	
Purchases: 60% of next month's sales; paid one month after purchase	

Prepare a Cash Budget for April, May, and June 2025, and interpret the company's liquidity position at the end of each month. (CO3)

Q3.

(2X10=20 Marks)

a. Analyze the concept of Standard Costing and evaluate its advantages, limitations, and practical applications in cost control and performance measurement. (CO3)

b. The following information relates to the production of 1,000 units of a product:

Particulars	Standard	Actual
Material Quantity	5 kg per unit	5,500 kg total used
Material Price	₹10 per kg	₹12 per kg
Labour Hours	2 hours per unit	2,200 hours total
Labour Rate	₹20 per hour	₹22 per hour

Calculate the following variances:

- a) Material Cost Variance (MCV)
- b) Material Price Variance (MPV)
- c) Material Usage Variance (MUV)
- d) Labour Cost Variance (LCV)
- e) Labour Rate Variance (LRV)
- f) Labour Efficiency Variance (LEV)

(CO4)

c. Evaluate the role of variance analysis as a management control tool. Discuss how material, labour, overhead, and sales variances help management in decision-making, performance evaluation, and cost reduction. (CO3)



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Q4.

(2X10=20 Marks)

a. XYZ Ltd. produces and sells a single product with the following details:

Particulars	Amount (₹)
Selling Price per unit	200
Variable Cost per unit	150
Fixed Cost	2,50,000

Calculate:

- Break-even point (in units and ₹)
- Number of units required to earn a profit of ₹1,00,000
- If the selling price is reduced by 10%, what will be the new break-even point? (CO4)

b. XYZ Ltd. produces and sells a single product at ₹50 per unit. The variable cost per unit is ₹30 and total fixed cost is ₹2,00,000.

- Determine the Break-even Point (BEP) in units and ₹.
- Draw a simple break-even chart (label axes, BEP, and margin of safety clearly).
- Explain briefly how the chart helps in managerial decisions. (CO5)

c. Examine how Cost-Volume-Profit Analysis aids in decision-making regarding product mix, pricing, and determining the level of output for desired profits. (CO2)

Q5.

(2X10=20 Marks)

a. The following data are extracted from the records of ABC Ltd.:

Particulars	Amount (₹)
Sales	10,00,000
Variable Costs	7,00,000
Fixed Costs	4,00,000

Due to a fall in demand, sales are expected to drop by 40%.

If operations continue, fixed costs can be reduced by 25%.

- Should the company continue operations or shut down temporarily?
- Calculate the profit or loss under both options and recommend the best alternative. (CO4)

b. Examine the types of costs that are relevant for managerial decisions. Why is it important to distinguish between relevant and irrelevant costs in decision-making situations? (CO3)

c. Evaluate how variable costing acts as a tool for decision-making. Discuss its usefulness in determining product pricing, selection of alternatives, and cost control, along with its limitations. (CO2)