

Dr. Babasaheb Ambedkar Open University
Term End Examination February – 2026

Course	: BBAR	Date	: 13-Feb-26
Subject Code	: BBAR-602	Time	: 11:30am to 01:45pm
Subject Name	: Management Accounting	Duration	: 02.15 Hours
		Max. Marks	: 70

Section A

Answer the following (Attempt any three)

(30)

1. Explain various Tools and Techniques of Management Accounting in detail.
2. Discuss the Advantages and Limitations of Ratio Analysis.
3. The summary of Balance Sheet data in respect of Himesh Ltd. and Shweta Ltd. is as under:

Particulars	Himesh Ltd.	Shweta Ltd.
Buildings	1,00,000	4,50,000
Machinery	3,00,000	7,50,000
Share Capital	4,50,000	14,50,000
Retained Earnings	50,000	33,000
Debtors	1,15,000	1,60,000
Stocks	60,000	2,17,000
Cash	10,000	5,000
Prepaid Expenses	5,000	3,000
Creditors	91,000	1,00,000
Liability for Expenses	9,000	17,000
Preliminary Expenses	10,000	15,000

Prepare a Common-Size Statement of both Companies.

4. Discuss the Need of Working Capital.
5. With the following data for 50 per cent activity, prepare a budget for production at 80 per cent and 100 per cent capacity.
Production at 50 per cent activity, 500 units
Material per unit Rs. 100
Labour per unit Rs. 40
Expenses per unit Rs. 10
Factory expenses Rs. 40,000 (40% Fixed)
Administration expenses Rs. 30,000 (60% Fixed)

Section B

Answer the following (Attempt any four)

(20)

1. Discuss the Objectives of Management Accounting in brief.
2. Explain the Statement of Cash Flow.
3. Discuss the Types of inventories.

4. Explain the Limitations of Cash Budget.
5. Discuss Advantages of Marginal Costing.
6. Explain Limitations of Marginal Costing.

Section C

Part – A (Multiple Choice Questions)

(10)

- 1 Management accountancy is a structure for _____.
A Costing
B Accounting
C Decision making
D Management
- 2 _____ statement are most valuable in marketing comparisons among the companies in the some industry.
A income
B common size
C data
D user
- 3 Which of the following point is not correct in limitations of management accountancy?
A It is not very expensive.
B Management accounting makes use of techniques of number of subjects.
C Management accountancy is only a tool of management for decision making.
D Management accountancy provides useful accounting data for policy decisions.
- 4 Which items is not included in Statement of cash flow?
A Depreciation
B Salary paid
C Rent Received
D None of above
- 5 Which type of unit would need small amount of working capital?
A Manufacturing unit
B Public Service Unit like Railway
C Both of above a and b
D None of above
- 6 Which following statement is not included in motive?
A Transaction motive
B Charity motive
C Precautionary Motive
D Speculative Motive
- 7 To prepare flexible budget, costs are divided into following categories:
A Fixed costs
B Semi-fixed or semi-variable costs
C Variable costs
D All of above
- 8 Which of the following characteristics of marginal costing is not correct?
A The cost is ascertained on the basis of variable cost only
B The stock of finished goods and work-in-progress are valued on the basis of marginal cost only.
C The cost is ascertained on the basis of variable cost and fixed cost.
D Selling price is determined on the basis of marginal cost plus contribution.

- 9 Which following uses of management audit is not true?
- | | |
|--|--|
| A It does not help in establishing, reviewing and improving the planning system. | B It facilitates the management in getting the adequate information for correct decisions. |
| C It enables appraisal of performance of various managers. | D It helps to avoid wasteful, unnecessary and extravagant use of resources. |
- 10 Which following statement is irrelevant for Conducting Management Audit?
- | | |
|--|---|
| A The management audit term must have a clearly defined authority from the management of the enterprise. | B The management auditor carefully examine the information collected by him, Whenever information is received from any source, the persons supplying it must put their signatures to authenticate it. |
| C The management auditor should also evaluate the internal audit report, inspection report etc. to form Accountants opinion. | D The management auditor, who consciously observes, will become aware of many problems that are not recorded or are incapable of analysis through data. |

Part – B (Do as Directed)

(10)

Explain the following terms:

- 1 Financial statement
- 2 Decision Accounting
- 3 Cash equivalent
- 4 Growth trap
- 5 Inventory control
- 6 Semi-fixed or semi-variable costs
- 7 Break-Even Point (BEP)
- 8 Expedite flow
- 9 Cash budget
- 10 Investing activities
