

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

Course	: BBA	Date	: 06-06-2026
Subject Code	: BBAR24602 /BBAR-602	Time	: 11:30am to 01:45pm
Subject Name	: Management Accounting	Duration	: 02.15 Hours
		Max. Marks	: 70

Q-1. What is management accounting? Explain its nature and scope. **14**

OR

Discuss the tools and techniques of Management accounting.

Q-2. Explain the limitations of financial statement analysis. **14**

OR

Following is the summarised Balance Sheet of Akshay Ltd. as on 31-3-26.

Particulars	Rs.	Particulars	Rs.
Equity Shares of Rs. 10 each	10,00,000	Fixed Assets	20,00,000
10% Pref. Sh. of Rs.100 each	4,00,000	Investments	2,00,000
Reserves and Surplus	7,00,000	Closing Stock	2,00,000
15% Debentures	5,00,000	Sundry Debtors	4,60,000
Sundry Creditors	2,40,000	Bills Receivable	60,000
Bank Overdraft	1,60,000	Cash at Bank	60,000
		Preliminary Expenses	20,000
	30,00,000		30,00,000

Summarised Profit and Loss Account is as under for the year ending on 31-3-'26:

	Rs.
Sales (25% Cash sales)	80,00,000
Less: Cost of goods sold	56,00,000
Gross Profit	<u>24,00,000</u>
Net profit (Before interest and tax 50%)	9,00,000

Calculate the following ratios:

(1) Rate of Return on Capital Employed (2) Proprietary Ratio (3) Debt-Equity Ratio (4) Capital gearing Ratio (5) Debtors Ratio (365 days of the year.) (6) Rate of Return on Shareholders' Funds and (7) Rate of Return on Equity Shareholders Funds.

Q-3. What is the meaning of fund of flow? Explain its significance and limitations. **14**

OR

Summarized below are income and expenditure forecasts for the months of March to August 2025:

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Mfg. Exp. (Rs.)	Office Exp. (Rs.)	Selling Exp. (Rs.)
March	60,000	36,000	9,000	4,000	2,000	4,000
April	62,000	38,000	8,000	3,000	1,500	5,000
May	64,000	33,000	10,000	4,500	2,500	4,500
June	58,000	35,000	8,500	3,500	2,000	3,500
July	56,000	39,000	9,500	4,000	1,000	4,500
August	60,000	34,000	8,000	3,000	1,500	4,000

Sales and Purchases all are on credit.

Additional Information:

- Plant costing Rs.16,000 is due for delivery in July payable 10% on delivery and the balance after 3 months
- Advance tax instalments of Rs. 8,000 each are payable in March and June.
- The period of credit allowed by suppliers is two months and that allowed to customers is one month.
- Lag in payment of manufacturing expenses is $\frac{1}{2}$ month, while the lag in payment of all other expenses is one month.

You are required to prepare a cash budget for 3 months. And the cash balance would be Rs. 8000.

Q-4. Standard labour hours and rate for production of Article Z are given below:

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	Hours	Rate Per hour Rs.	Total Rs.
Skilled Worker	5	1.50	7.50
Unskilled Worker	8	0.50	4.00
Semi-skilled Worker	4	0.75	3.00
			14.50

Actual Articles produced 1,000 units

	Hours	Rate per hour Rs.	Total Rs.
Skilled Worker	4,500	2.00	9,000
Unskilled Worker	10,000	0.45	4,500
Semi-skilled Worker	4,200	0.75	3,150
			16,650

Calculate: (a) Labour cost variance; (b) Labour rate variance; (c) Labour efficiency variance; (d) Labour mix variance.

OR

The standard material input required to produce 1000 kgs of a finished product is as follows:

Material D	450 Kg @ Rs. 20 per Kg
Material E	400 Kg @ Rs. 40 per Kg
Material F	250 Kg @ Rs. 60 per Kg
	<u>1100</u>
Standard Loss	<u>100</u>
Standard Output	<u>1000</u>

During the period, 20,000 kg, of finished product were actually produced and consumption was as follows:

Material D 10,000 Kg @ Rs. 18 per Kg
Material E 8,600 Kg @ Rs. 45 per Kg
Material F 4,400 Kg @ Rs. 65 per Kg

Calculate Material Cost Variance, Material Price Variance, Material Usage Variance, Material Mix Variance, Material Yield Variance

Q-5. Write Short Notes on: (Any two)

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1. Nature of Financial Statement Analysis
2. Usefulness of Ratio Analysis
3. Significance of Fund Flow Statement
4. Procedure of Zero Base Budgeting
5. Fixed Overhead Variances
