



**PARVATHANENI BRAHMAYYA
SIDDHARTHA COLLEGE OF ARTS & SCIENCE**
Autonomous
Siddhartha Nagar, Vijayawada-520010
Re-accredited at 'A+' by the NAAC

Course Code				23FMMIL231			
Title of the Course				MANAGEMENT ACCOUNTING FOR DECISION MAKING			
Offered to: (Programme/s)				B.B.A. Honors General			
L	5	T	0	P	0	C	4
Year of Introduction:		2024-25		Semester:		3	
Course Category:		MINOR		Course Relates to:		GLOBAL	
Year of Introduction:		2024-25		Percentage of Revision of syllabus:		Not Applicable	
Type of the Course:				Skill Development			
Crosscutting Issues of the Course:				None			
Pre-requisites, if any				None			

Legends:

L: Lecture; T: Tutorial; P: Practicum/Practical/Project; C: Credits

Course Description:

Management Accounting for decision making is a fundamental course designed to equip undergraduate students with the essential tools and techniques for making informed business decisions. This course delves into the concepts and practices of financial statement analysis, cash flow analysis, ratio analysis, and marginal costing. By understanding these key areas, students will develop the ability to assess a company's financial health, evaluate its performance, and make strategic choices to drive profitability and growth.

Course Aims & Objectives:

S.No.	Course Objectives
1.	Develop a comprehensive understanding of the core concepts, theories and techniques that underpin management accounting.
2.	Acquire the ability to analyze and interpret financial statements i.e. income statements, balance sheets and cash flow statements to assess a company's financial performance.
3.	Gain proficiency in calculating and interpreting various financial ratios to evaluate liquidity, solvency, profitability and activity levels.
4.	Understand the principles of marginal costing, its applications and its role in decision-making processes.
5.	Apply management accounting concepts to real-world business scenarios such as pricing decisions, Cost Control and capital budgeting.

Course Outcomes

At the end of the course, the student will be able:

CO NO.	COURSE OUTCOME	BTL	PO	PSO
CO1	To Understand the objectives, scope, functions, and techniques of management accounting and the role of a management accountant.	K2	1,2	1
CO2	To Analyze and interpret financial statements using various methods, including comparative statements, trend analysis, and common size statement analysis.	K2	1,2	1
CO3	To Prepare and analyze cash flow statements according to Ind.AS-7, understanding cash flow from operating, investing, and financing activities.	K3	1,2	1
CO4	To Utilize and interpret liquidity, profitability, and solvency ratios to evaluate financial statements and convert ratios into financial data and vice versa.	K3	6,7	1,2
CO5	To Apply marginal costing techniques and perform break-even analysis to support managerial decision-making.	K3	6,7	1,2

For BTL: K1: Remember; K2: Understand; K3: Apply; K4: Analyze; K5: Evaluate; K6: Create

CO-PO-PSO MATRIX									
CO NO	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PSO1	PSO2
CO1	3	3						3	
CO2	3	3						3	
CO3	3	3						3	
CO4						2	3	3	3
CO5						2	3	3	3

Codes 3, 2, 1 for High, Moderate and Low correlation Between CO-PO-PSO respectively

COURSE STRUCTURE:

UNIT – I INTRODUCTION TO MANAGEMENT ACCOUNTING: 15 Hours

- 1.1 Introduction- Meaning and Definition
- 1.2 Objectives – Nature and Scope – Functions
- 1.3 Role of Management Accountant
- 1.4 Relationship between Financial Accounting and Management Accounting
- 1.5 Relationship between Cost Accounting and Management Accounting
- 1.6 Advantages and Limitations of Management Accounting
- 1.7 Techniques of Management Accounting (Concepts Only)

UNIT- II FINANCIAL STATEMENT ANALYSIS: 15 Hours

- 2.1 Introduction - Nature of Financial Statements
- 2.2 Formats of Income Statements and Balance Sheet
- 2.3 Analysis and Interpretation of Financial Statements
- 2.4 Comparative Statements - Trend Analysis - Common Size Statement Analysis (Simple Problems)

UNIT –III CASH FLOW ANALYSIS: 15 Hours

- 3.1 Meaning and Definition of Cash Flow Statement
- 3.2 Concept of Cash and Cash Equivalents
- 3.3 Uses of Cash Flow Statement
- 3.4 Limitations of Cash Flow Statement
- 3.5 Provisions of Indian Accounting Standards-7
- 3.6 Procedure for preparation of Cash Flow Statement
- 3.7 Cash Flow from Operating Activities, Cash Flow from Investing Activities and Cash Flow from Financing Activities
- 3.8 Preparation of Cash Flow Statement according to Indian Accounting Standards-7. (Simple Problems)

UNIT – IV RATIO ANALYSIS: 15 Hours

- 4.1 Introduction-Meaning and Definition of Accounting Ratios
- 4.2 Ratio Analysis – Uses and Limitations
- 4.3 Classification of Ratios - Liquidity Ratios, Solvency Ratios, Activity Ratios and profitability Ratios
- 4.4 Applications of Ratio Analysis – Financial Statements. (Simple Problems)

UNIT – V MARGINAL COSTING: 15 Hours

- 5.1 Introduction-Meaning and Definition of Marginal Cost
- 5.2 Marginal Costing, Features of Marginal Costing
- 5.3 Terms used in Marginal Costing
- 5.4 Break Even Analysis: P/V Ratio, Break Even Point, Margin of Safety (Simple Problems)
- 5.5 Angle of Incidence - Assumption and Uses – Make or Buy Decisions. (Simple Problems)

Text books:

- Maheswari, S. N. (2021). Principles of Management Accounting, (18th Edition), New Delhi: S. Chand & Sons.
- Sharma, R. K., & Gupta, S. K. (2021). Management Accounting: Principles & Practice, (15th Edition) New Delhi: Kalyani Publishers.

References:

- Jain, S. P., & Narang, K. L. (2019). Cost and Management Accounting, (16th Edition), New Delhi: Kalyani Publishers.
- Arora, M. N. (2017). Accounting for Management, (2nd Edition) Mumbai: Himalaya Publishing House.

**B.B.A. Honors General
Model Question Paper**

**23FMMIL231 – MANAGEMENT ACCOUNTING FOR DECISION MAKING (Minor)
Semester – III**

**Max. Marks: 70
Time: 3 Hrs.**

Section – A

Answer the following questions:

5 X 4 = 20 Marks

Unit-I

1. a) Define Management Accounting. What are its key objectives? (K2)

(OR)

b) List and explain any four advantages of Management Accounting. (K2)

Unit-II

2. a) Explain the concept of Trend analysis in Financial Statement Analysis. (K2)

(OR)

b) What are Comparative Statements? How are they useful? (K2)

Unit-III

3. a) Define a Cash Flow Statement. What are its objectives? (K2)

(OR)

b) What are the key uses of a Cash Flow Statement? (K2)

Unit-IV

4. a) Define 'Accounting Ratio' and explain its significance in Financial Analysis. (K2)

(OR)

b) Explain the concept of 'Liquidity Ratios' and provide two examples of such ratios. (K2)

Unit-V

5. a) Define Marginal Cost and explain its significance in Marginal Costing. (K3)

(OR)

b) What is the Margin of Safety? If a company has a Break-Even Point of 12,000 units and actual sales are 15,000 units, calculate the Margin of Safety. (K3)

Section – B

Answer the following questions:

5 X 10 = 50

Marks

Unit-I

6. A) Explain the meaning and objectives of Management Accounting. How does it differ from

Financial Accounting? (K2)

(OR)

B) Discuss the Nature and Scope of Management Accounting. How does it contribute to decision-making within an organization? (K2)

Unit -II

7. A) Following are given Balance Sheets as on 31st March, 2022 and 2023 of Siddhartha Metal

Works Company, you are required to prepare a comparative balance sheet showing

increase/decrease in amounts of each item and the percentage change thereof. (K3)

(Amount in Lakhs Rs.)

LIABILITIES	31 st March 2022 Rs.	31 st March 2023 Rs.	ASSETS	31 st March 2022 Rs.	31 st March 2023 Rs.
Equity Share Capital	1,600	2,400	<i>Current Assets:</i>		
Capital Reserve	240	440	Debtors	836	760
General Reserve	888	836	Cash	472	40
Sinking Fund	160	200	Stock	640	520
Debentures	800	1300	Others	128	52
<i>Current Liabilities:</i>			Investments	1,080	680
Sundry Creditors	1,020		<i>Fixed Assets:</i>		
Others	28		Furniture	36	72
			Building	1,240	3,144
			Land	80	120
			Other Assets	224	296
	4,736	5,684		4,736	5,684

(OR)

B) From the following Balance Sheets of Tanisha LTD., Prepare Common Size Balance Sheet and study its Financial Position. (K3)

LIABILITIES	2019 Rs.	2020 Rs.	ASSETS	2019 Rs.	2020 Rs.
Equity Share Capital	10,000	12,000	Buildings	8,000	14,000
Capital Reserve	900	1,850	Land	1,980	3,450
General Reserve	5,000	4,500	Furniture	770	1,050
Sinking Fund	900	1,000	Debtors	4,500	3,900
Debentures	4,500	6,500	Stock	3,200	2,500
Creditors	2,000	1,500	Cash	2,000	150
Bills Payable	150	200	Investments	3,000	2,500
	23,450	27,550		23,450	27,550

Unit - III

8. A) Prepare Cash Flow Statement from the following Balance Sheets as on 31st December 2022 and 2023. (K3)

LIABILITIES	2022 Rs.	2023 Rs.	ASSETS	2022 Rs.	2023 Rs.
Equity Share Capital	20,000	25,000	Plant	46,000	45,000
Debentures	15,000	12,000	Debtors	9,000	7,000
Creditors	16,000	18,000	Stock	5,000	9,000
P&L Account	11,000	14,000	Cash	2,000	8,000
	62,000	69,000		62,000	69,000

(OR)

B) Prepare a Cash Flow Statement by Indirect Method of Kushi Business Corporation from the following:

BALANCE SHEETS
as at Jan 1st and Dec 31st, 2020

LIABILITIES	Jan 1 Rs.	Dec 31 Rs.	ASSETS	Jan 1 Rs.	Dec 31 Rs.
Current Liabilities	30,000	32,000	Cash and Bank Balance	40,000	44,000
Bonds Payable	22,000	22,000	Accounts Receivable	10,000	20,700
Bonds Payable Discount	(2,000)	(1,800)	Inventories	15,000	15,000
Capital Stock	35,000	43,500	Land	4,000	4,000
Retained Earnings	15,000	19,500	Business Premises	20,000	16,000
			Plant & Equipment	15,000	17,000
			Accumulated Dep	(5,000)	(2,800)
			Patents & Trade Marks	1,000	900
	1,00,000	1,15,200		1,00,000	1,15,200

Additional Information:

- i) A building that costs Rs. 4,000 and Which had a book value of Rs. 1,000 was sold for Rs. 1,400
- ii) The Depreciation charge for the period was Rs.800
- iii) There was a Rs. 5,000 issue of capital stock
- iv) Cash Dividend of Rs. 2,000 and a stock dividend of Rs.3,500 were declared. (K3)

Unit - IV

9. A) Alpha Manufacturing Co. has drawn up the following Profit and Loss Account for the year ending 31st March,2023 (K3):

Particulars	Rs.	Particulars	Rs.
To Opening Stock	26,000	By Sales	1,60,000
To Purchases	80,000	By Closing Stock	38,000
To Wages	24,000		
To Manufacturing Expenses	16,000		
To Gross Profit c/d	52,000		
	1,98,000		1,98,000
To Selling & Distribution Expenses	4,000	By Gross Profit b/d	52,000
To Administrative Expenses	22,800	By Compensation for Acquisition of Land	4,800
To General Expenses	1,200		
To Value of Furniture (loss by fire)	800		
To Net Profit	28,000		

	56,800		56,800
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You are required to find out:

- a) Gross Profit Ratio b) Net Profit Ratio c) Operating Ratio d) Operating Profit Ratio.

(OR)

B) Following is the balance sheet of a limited company on 31st March 2021 (K3):

LIABILITIES	Rs.	ASSETS	Rs.
Share Capital	3,00,000	Land & Buildings	2,10,000
General reserve	60,000	Plant & Machinery	5,25,000
P&L A/c	45,000	Stock	3,00,000
10% Debentures	6,30,000	Sundry Debtors	1,50,000
Sundry Creditors	1,50,000	Bills Receivables	15,000
Bills Payable	75,000	Cash at Bank	60,000
	12,60,000		12,60,000

Calculate:

- i. Current Ratio
- ii. Quick Ratio
- iii. Debt to Equity Ratio
- iv. Proprietary Ratio
- v. Capital Gearing Ratio.

Unit - V

10. A) Following information is provided to you:

- Selling Price per Unit: ₹40
 Variable Cost per Unit: ₹24
 Fixed Costs per unit: ₹6
 Profit per unit: ₹10
 Present Sales Volume: 2,000 units

You are required to calculate:

1. P/V Ratio and Break-Even Point
2. Margin of Safety
3. Sales required to Earn a Profit of ₹26,000
4. Profit at Sales Volume of 2,500 units (K3)

(OR)

B) A company is considering making a product in-house versus buying it from an external supplier. The following details are provided:

- Cost to Make (per unit):
 Direct Materials: ₹40
 Direct Labour: ₹30
 Variable Overheads: ₹20
 Fixed Overheads: ₹10,000 (total)
 Cost to Buy (per unit): ₹100
 The company needs 1,000 units.

Calculate the total cost of making the product and the total cost of buying it. Should the company make or buy the product if it wants to minimize costs? (K3)

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