Anna Adarsh College for Women (Autonomous)
BBA Degree Program in Business Administration
Syllabus with effect from the Academic Year 2025-26

Programme : B.B.A	Batch : 2025-2026	Semester :II
Course Title: Accounting for Managers - II	Course Code:	
Duration :3 Hrs	Maximum Marks :75	

SECTION A- (10x2=20 marks)

Answer any **TEN** questions

1	Cost Accounting is the process of recording, classifying and analyzing costs incurred in production or service to determine the cost of a product and to control costs.	2	K1	CO1
2	It is based on financial and cost accounting data, so its accuracy depends on the correctness of those records. It involves estimates and assumptions, which may reduce the reliability of decisions.	2	K1	CO1
3	Gross Profit Ratio = Gross Profit / Net Sales x100 =4,00,000/8,00,000 X 100 = 50% Gross Profit = Sales – Cost of Sales = 8,00,000 – 4,00,000 = 4,00,000	2	K1	CO2
4	Debtors Turnover Ratio = Net Credit Sales / Average Debt + Average Bills Receivable Debtors Turnover Ratio =12000/2000 = 6 Times Net Credit Sales = 12000; Debtors + B/R = 1000+1000 = Rs.2,000	2	K1	CO2
5	Production Budget Particulars | Rs Closing Stock | 10000 Add Sales | 40000 | 50000 Less Opening Stock | 8000 **Total Production** | **42,000**	2	K1	CO3
6	1.To control costs and expenses by comparing actual results with budgeted figures and taking corrective action. 2.To ensure proper planning and coordination of different departments to achieve organizational goals efficiently.	2	K1	CO3
7	Fixed cost 40% of 15,000 =₹6,000 Variable cost (for 30,000 units) 60% of 15,000 = ₹9,000 Variable cost per unit = 9,000 ÷ 30,000 = ₹0.30 per unit Variable cost for 50,000 units 50,000 × 0.30 = ₹15,000 Semi-variable cost for 50,000 units: = 15,000 + 6,000 = ₹21,000	2	K1	CO4
8	Contribution per unit = SP – VC = 20 – 10 = ₹10 per unit BEP (in Units) = FC/ Contribution per unit = 25,000 ÷ 10 = 2,500 units	2	K2	CO4

	Break-Even Point = 2,500 units Break-even sales (in Rs.) = 2,500 × 20 = ₹50,000			
9	Net Present Value (NPV) Method is a capital budgeting technique that calculates the difference between the present value of cash inflows and the present value of cash outflows of a project. If the NPV is positive, the project is considered profitable; if negative, it is rejected.	2	K1	CO5
10	Payback Period = Initial Investment ÷ Annual Cash Inflow =50,000÷10,000 = 5 years	2	K1	CO5
11	1. To know the profitability of the business. 2. To understand the financial position of the firm. 3. To help management in decision-making.	2	K1	CO1
12	PV of Inflows = 15,000 × 2.487 = ₹37,305 NPV = PV of Inflows – Initial Investment = 37,305 – 30,000= ₹7,305 NPV = ₹7,305 Since NPV is positive, the project is accepted.	2	K1	CO5

SECTION B — (5 × 5 = 25 marks)
Answer any **FIVE** questions

<table>
<tr><td>13</td><td>
<table>
<tr><td>Particulars</td><td>2023–24 (₹)</td><td>2024–25 (₹)</td><td>Increase / Decrease (₹)</td><td>% Increase / Decrease</td></tr>
<tr><td>Revenue from operations</td><td>3,00,000</td><td>3,60,000</td><td>+60,000</td><td>+20%</td></tr>
<tr><td>Add: Other income</td><td>1,00,000</td><td>60,000</td><td>–40,000</td><td>–40%</td></tr>
<tr><td>Total Revenue</td><td>4,00,000</td><td>4,20,000</td><td>+20,000</td><td>+5%</td></tr>
<tr><td>Less: Expenses</td><td>2,00,000</td><td>1,80,000</td><td>–20,000</td><td>–10%</td></tr>
<tr><td>Profit Before Tax</td><td>2,00,000</td><td>2,40,000</td><td>+40,000</td><td>+20%</td></tr>
<tr><td>Less: Tax (30%)</td><td>60,000</td><td>72,000</td><td>+12,000</td><td>+20%</td></tr>
<tr><td>Profit After Tax</td><td>1,40,000</td><td>1,68,000</td><td>+28,000</td><td>+20%</td></tr>
</table>
</td><td>5</td><td>K3</td><td>CO1</td></tr>
<tr><td>14</td><td>Working capital Turnover Ratio = Sales/ working capital
=30,00,000/4,00,000 = 7.5 Times

Debt Equity Ratio = Long Term Debt/ Shareholders funds
= 3,75,000/5,00,000 = 0.75</td><td>5</td><td>K3</td><td>CO2</td></tr>
<tr><td>15</td><td>
<table>
<tr><td>Particulars</td><td>Product A (Units)</td><td>Product B (Units)</td></tr>
<tr><td>Budgeted Sales</td><td>20,000</td><td>50,000</td></tr>
<tr><td>Add: Desired Closing Stock</td><td>5,000</td><td>10,000</td></tr>
<tr><td>Total Requirement</td><td>25,000</td><td>60,000</td></tr>
<tr><td>Less: Opening Stock</td><td>4,000</td><td>6,000</td></tr>
<tr><td>Budgeted Production</td><td>21,000</td><td>54,000</td></tr>
</table>
Final Production:
Product A → 21,000 units
Product B → 54,000 units</td><td>5</td><td>K4</td><td>CO3</td></tr>
<tr><td>16</td><td>
<table>
<tr><td>Particulars</td><td>Amount (₹)</td></tr>
<tr><td>Sales</td><td>2,00,000</td></tr>
<tr><td>Less: Variable Cost</td><td>1,20,000</td></tr>
<tr><td>Contribution</td><td>80,000</td></tr>
<tr><td>Fixed Cost</td><td>50,000</td></tr>
<tr><td>P/V Ratio (80,000 ÷ 2,00,000 × 100)</td><td>40%</td></tr>
<tr><td>Break-Even Sales (50,000 ÷ 0.40)</td><td>1,25,000</td></tr>
<tr><td>Margin of Safety (2,00,000 – 1,25,000)</td><td>75,000</td></tr>
</table>
</td><td>5</td><td>K3</td><td>CO4</td></tr>
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<tr><td>17</td><td>
<table>
<tr><td>Year</td><td>Cash Inflows (₹)</td><td>PV Factor @10%</td><td>Present Value (₹)</td></tr>
<tr><td>First Year</td><td>9,000</td><td>0.909</td><td>8,181</td></tr>
<tr><td>Second Year</td><td>8,000</td><td>0.826</td><td>6,608</td></tr>
<tr><td>Third Year</td><td>7,000</td><td>0.751</td><td>5,257</td></tr>
<tr><td>Fourth Year</td><td>6,000</td><td>0.683</td><td>4,098</td></tr>
<tr><td>Fifth Year</td><td>5,000</td><td>0.621</td><td>3,105</td></tr>
<tr><td colspan="3">Total Present Value of Inflows</td><td>27,249</td></tr>
<tr><td colspan="3">Less: Initial Investment</td><td>25,000</td></tr>
<tr><td colspan="3">Net Present Value (NPV)</td><td>2,249</td></tr>
</table>
</td><td>5</td><td>K3</td><td>CO5</td></tr>
<tr><td>18</td><td>Tools Used in Management Accounting
Management accounting uses various tools and techniques to help management in planning, decision-making and control.
1. Financial Statement Analysis
It involves analysis and interpretation of financial statements through comparative statements, common-size statements and ratio analysis to assess financial performance.
2. Ratio Analysis
It studies the relationship between different financial figures to evaluate profitability, liquidity and solvency of a business.
3. Budgetary Control
It involves preparing budgets and comparing actual performance with budgeted figures to control costs and improve efficiency.
4. Standard Costing
It compares actual costs with predetermined standard costs to find out variances and control performance.
5. Marginal Costing
It helps in decision-making by analyzing contribution, break-even point, and cost-volume-profit relationship.
6. Cash Flow and Funds Flow Analysis
These statements show movement of cash and funds in the business and help in managing liquidity.</td><td>5</td><td>K4</td><td>CO1</td></tr>
<tr><td>19</td><td>Long-Term Impact – These decisions affect the future growth and profitability of the firm for many years.
Huge Investment Involved – Capital projects require large funds; wrong decisions may lead to heavy losses.
Irreversibility – Once investments are made in fixed assets, they cannot be easily reversed.
Risk and Uncertainty – Future cash flows are uncertain; proper evaluation reduces risk.
Wealth Maximization – The main objective is to maximize shareholders' wealth by selecting profitable projects.
Efficient Allocation of Resources – Helps in choosing the best project among alternatives.</td><td>5</td><td>K4</td><td>CO5</td></tr>
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SECTION C — (3 × 10 = 30 marks)
Answer any **THREE** questions**.**

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Particulars	PY 2017	CY 2018	Increase / (Decrease)	% Change
I. EQUITY AND LIABILITIES				
Shareholders' Funds				
Equity Share Capital	400	400	—	—
Preference Share Capital	300	300	—	—
Reserves & Surplus	200	245	45	22.50%
Total Shareholders' Funds	900	945	45	5.00%
(2) Non-Current Liabilities				
Debenture	100	150	50	50.00%
Non-Current Liabilities	100	150	50	50.00%
Current Liabilities				
Creditors	250	350	100	40.00%
Bills Payable	50	75	25	50.00%
Total Current Liabilities	300	425	125	41.67%
TOTAL EQUITY & LIABILITIES	**1,300**	**1,520**	**220**	**16.92%**
II. ASSETS				
(1) Non-Current Assets				
Land	400	370	(30)	(7.50%)
Plant & Machinery	400	410	10	2.50%
Total Non-Current Assets	800	780	(20)	(2.50%)
(2) Current Assets				
Inventories	65	75	10	15.38%
Debtors	200	300	100	50.00%
Cash	100	140	40	40.00%
Total Current Assets	365	515	150	41.10%
Total Assets	**1,300**	**1,520**	**220**	**16.92%**

10 | K6 | CO1

21

A. Sales = ₹80,00,000
B. Debtors = ₹18,75,000
C. Closing Stock = ₹40,25,000
D. Creditors ≈ ₹9,58,333

10 | K 6 | CO 2

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Particulars	70% Capacity	80% Capacity	90% Capacity
Variable Cost	27,300	31,200	35,100
Fixed Cost	30,800	30,800	30,800
Total Overheads (A)	58,100	62,000	65,900
Estimated Labour Hours (B)	1,08,500	1,24,000	1,39,500
Overhead Rate (A/B)	0.535	0.50	0.473

10 | K 6 | CO 3

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Step 1: Calculation of P/V Ratio
First, calculate change in sales and change in profit.

Particulars	Amount (Rs.)
Change in Sales (5,10,000 − 4,50,000)	60,000
Change in Profit (75,000 − 60,000)	15,000

$$P/V\ Ratio = \frac{Change\ in\ Profit}{Change\ in\ Sales} \times 100$$

$$= \frac{15{,}000}{60{,}000} \times 100 = 25\%$$

P/V Ratio = 25%

Step 2: Calculation of Fixed Cost
Contribution = Sales × P/V Ratio
Using 2007 data:
Contribution = 4,50,000 × 25% = 1,12,500

Particulars	Amount (Rs.)
Contribution	1,12,500
Less: Profit	60,000
Fixed Cost	52,500

Fixed Cost = Rs. 52,500

Step 3: Break-Even Point (BEP)

$$BEP(Sales) = \frac{Fixed\ Cost}{P/V\ Ratio}$$

10 | K6 | CO4

	$= \frac{52,500}{25\%}$ $= 2,10,000$ Break-Even Point = Rs. 2,10,000 Step 4: Sales Required to Earn Profit of Rs. 1,20,000 $Required\ Sales = \frac{Fixed\ Cost + Desired\ Profit}{P/V\ Ratio}$ $= \frac{52,500 + 1,20,000}{25\%}$ $= \frac{1,72,500}{0.25}$ $= 6,90,000$ Sales Required to Earn Profit of Rs. 1,20,000 = Rs. 6,90,000			
24	• Cost of Capital • Risk (Business & Financial Risk) • Profitability • Tax Considerations • Control Considerations • Flexibility • Nature and Size of the Firm • Stability of Earnings • Market Conditions • Growth Opportunities • Government Policies and Regulations • Cash Flow Position	10	K6	CO5