

2018

(4th Semester)

COMMERCE

Paper No. : BC-403

(Accounting for Managerial Decision)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 45)

*The figures in the margin indicate full marks
for the questions*

1. (a) Briefly discuss the merits and demerits
of financial accounting. $4\frac{1}{2}+4\frac{1}{2}=9$

Or

- (b) Define management accounting. How
does management accounting help in
managerial decision-making? $2+7=9$

8L/436a

(Turn Over)

2. (a) "Management accounting is nothing more than the use of financial information for management purposes." Elucidate this statement. 9

Or

- (b) Define Cost Accounting. Distinguish between Cost Accounting and Management Accounting. 3+6=9

3. (a) Explain the concept of 'marginal costing'. What are the characteristics and assumptions of marginal costing? 3+6=9

Or

- (b) From the following data, you are required to calculate—

(i) P/V ratio;

(ii) break-even sales with the help of P/V ratio;

(iii) sales required to earn a profit of ₹ 4,50,000 : 3+3+3=9

Fixed Expenses—₹ 90,000

Variable cost per unit :

Direct Material—₹ 5

Direct Labour—₹ 2

Direct Overheads 100% of direct labour

Selling price per unit—₹ 12

4. (a) What do you understand by financial statements? Describe various characteristics of ideal financial statements. 2+7=9

Or

- (b) From the following information, prepare a comparative income statement of Swastik Ltd., Mumbai from the following data : 9

Income Statement

	2015	2016
	(₹ in lakh)	
Net sales	600	750
Cost of goods sold	400	600
Administrative expenses	20	20
Selling expenses	10	10
Net profit	170	120

5. (a) How is reporting done at various levels of management? Explain. 9

Or

- (b) Discuss the informational needs of various levels of management. 9

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(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

1. Choose the correct answer and place its code in the brackets provided : 1×5=5

(a) Which of the following is not an objective of financial accounting?

(i) Recording of information

(ii) Making information more reliable

(iii) Planning and policy making

(iv) Classification of data ()

(b) The use of management accounting is

- (i) optional
- (ii) compulsory
- (iii) legally obligatory
- (iv) compulsory in certain undertakings

()

(c) Margin of safety can be improved by reducing

- (i) variable cost
- (ii) total cost
- (iii) fixed cost
- (iv) sunk cost

()

(d) Operating ratio is a/an

- (i) liquidity ratio
- (ii) long-term solvency ratio
- (iii) profitability ratio
- (iv) activity ratio

()

(e) The method of reporting may depend upon the

- * (i) nature of information to be conveyed
- (ii) volume of data to be given
- (iii) the media available for communication
- (iv) All of the above ()

2. Fill in the blanks :

1×5=5

- (a) Financial accounting is
in nature.
- (b) Management accounting is the study of
..... aspect of accounting.
- (c) Break-even analysis is a logical extension
of
- (d) The term financial analysis includes both
analysis and
- (e) Reports are means of
communication.

3. State whether the following statements are True (T) or False (F) by putting a Tick (✓) mark : 1×5=5

(a) In financial accounting, no emphasis is given to actual figure.

(T / F)

(b) Human Resource Accounting is a tool of management accounting.

(T / F)

(c) Contribution is also known as gross margin.

(T / F)

(d) Vertical analysis refers to the study of relationship of the various items in the financial statements of several accounting periods.

(T / F)

(e) Reporting is not equivalent to communication.

(T / F)

(5)

4. Write on the following in 4 to 5 sentences each :
2×5=10

(a) Objectives of Financial Accounting

(b) Management Accountant

2x2-10

Objectives of Financial Accounting

(7)

(c) Margin of Safety

Bc/AMD-403/436

Bc/AMD-403/436

(d) Common Size Statement

(e) Graphic Reporting
