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

*Or*

- (b) Explain the characteristics and limitations of financial accounting. 4½+4½=9

2. (a) "Cost and management accounting are similar in certain respects but there are many differences between the two." Elucidate. 9

Or

- (b) Who is a management accountant? What important role does he play in the organization? 3+6=9

3. (a) What is marginal costing? State its application in managerial decision making. 2+7=9

Or

- (b) State the uses and assumptions of break-even analysis. 4½+4½=9

4. (a) What is ratio analysis? Differentiate between Horizontal analysis and Vertical analysis. 4+5=9

Or

- (b) The following details are available from a company :

	31.12.2003	31.12.2004
	₹	₹
Share Capital	70,000	74,000
Debentures	12,000	6,000
Reserves for Doubtful Debts	700	800
Trade Creditors	10,360	11,840
Profit & Loss A/c	10,040	10,560
	<u>1,03,100</u>	<u>1,03,200</u>

	31.12.2001 ₹	31.12.2004 ₹
Cash	9,000	7,800
Debtors	14,900	17,700
Stock	49,200	42,700
Land	20,000	30,000
Goodwill	10,000	5,000
	<u>1,03,100</u>	<u>1,03,200</u>

In addition, you are given :

- (i) Dividend paid total—₹ 3,500
- (ii) Land was purchased for ₹ 10,000
- (iii) Amount provided for amortization of goodwill—₹ 5,000
- (iv) Debentures paid off—₹ 6,000

Prepare Cash Flow Statement. 9

5. (a) Explain the various types and methods of reporting.  $4\frac{1}{2}+4\frac{1}{2}=9$

Or

- (b) How is reporting done at various levels of management? Explain. 9

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( 4th Semester )

**COMMERCE**

Paper No. : BC-403

**( Accounting for Managerial Decision )**

( 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) Financial accounting deals with

(i) determination of profits

(ii) determination of costs

(iii) determination of price

(iv) None of the above (      )

(b) Management accounting relates to

- (i) recording of costing data
- (ii) recording of accounting data
- (iii) presenting of accounting data
- (iv) None of the above

( )

(c) Tool of management accounting is

- (i) standard costing
- (ii) marginal costing
- (iii) decision accounting
- (iv) All of the above

( )

(d) Marginal costing is known as

- (i) fixed cost
- (ii) variable cost
- (iii) semi-variable cost
- (iv) None of the above

( )

- (e) The reports meant for different levels of management are called
- (i) external reports
  - (ii) internal reports
  - (iii) special reports
  - (iv) None of the above
- (       )

2. Fill in the blanks : 1×5=5

- (a) The use of management accounting is .....
- (b) Only ..... data are recorded in financial accounting.
- (c) The capital structure of a company is made of ..... and .....
- (d) Capital gearing refers to the relationship between equity capital and .....
- (e) ..... supplies information to top level management.

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

(a) Management accounting deals with only quantitative data.

( T / F )

(b) Management accounting is used to communicate with shareholders and outside agencies.

( T / F )

(c) Margin of safety can be improved by reducing the fixed cost.

( T / F )

(d) At break-even point the company earns only a marginal profit.

( T / F )

(e) Increased use of debt increases the financial risk of equity shareholders.

( T / F )

4. Write on the following in 4 to 5 sentences each :

2×5=10

(a) Margin of Safety



(b) Debt Financing

(c) Break-even Analysis

(d) Levels of Management

(e) Causes of Overcapitalization

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