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(4th Semester)

COMMERCE

Paper : 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 explain the objective and functions of financial accounting. 4+5=9

Or

- (b) "Accounting is an important part of the information system of an organization."
Discuss. 9

2. (a) Compare financial accounting with management accounting. 9

Or

- (b) Discuss the importance and limitation of management accounting. 5+4=9

3. (a) Define marginal costing. How is the concept of marginal costing practically applied? 2+7=9

Or

- (b) From the following information related to production and sales of an article for June and July 2017 :

| | June (₹) | July (₹) |
|--------|------------|------------|
| Sales | 58,000 | 85,000 |
| Profit | — | 3,000 |
| Loss | 2,400 | — |

Calculate— 3+3+3=9

(i) fixed cost;

(ii) profit or loss at ₹ 20,000 sales;

(iii) BEP.

4. (a) Define ratio analysis. Discuss the different profitability ratios widely practised. 2+7=9

Or

- (b) Prepare common-size income statement from the following information : 9

| | 2003 (₹) | 2004 (₹) |
|------------------------------------|------------|------------|
| Sales | 1,01,000 | 1,12,200 |
| Sales Return | 1,000 | 2,200 |
| Office and Administrative Expenses | 30,000 | 35,200 |
| Selling and Distribution Expenses | 5,000 | 6,600 |
| Non-operating Income | 1,000 | 1,100 |
| Non-operating Expenses | 500 | 500 |
| Tax rate | 50% | 50% |

5. (a) Why is reporting necessary for every business organization? Discuss. 9

Or

- (b) Discuss the essential features of a good report. 9

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COMMERCE

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(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 : 1×10=10

(a) Accounting is the application of knowledge comprising of

(i) accepted theories

(ii) principles and rules

(iii) concepts and conventions

(iv) All of the above ()

(b) _____ is concerned with providing information to management for taking managerial decisions.

(i) Management accounting

(ii) Financial accounting

(iii) Cost accounting

(iv) All of the above ()

- (c) Profit of an organization depends on
- (i) selling price
 - (ii) cost of producing the product
 - (iii) volume of sales
 - (iv) All of the above ()
- (d) Management accounting is the branch of accounting concerned with reporting to
- (i) internal managers
 - (ii) shareholders
 - (iii) the government
 - (iv) bankers ()
- (e) Which of the following are tools of management accounting?
- A. Decision accounting
 - B. Standard costing
 - C. Budgetary control
 - D. Human resource accounting
- (i) A, B and D
 - (ii) A, C and D
 - (iii) A, B and C
 - (iv) A, B, C and D ()

- (f) Marginal cost is taken as equal to
- (i) prime cost plus all variable overheads
 - (ii) prime cost minus all variable overheads
 - (iii) variable overheads
 - (iv) None of the above ()
- (g) The main aim of the ratio analysis is to help the _____ of the firm.
- (i) owner
 - (ii) officials
 - (iii) departments
 - (iv) management ()
- (h) Management reporting can be performed as
- (i) internal reporting
 - (ii) external reporting
 - (iii) Both (i) and (ii)
 - (iv) None of the above ()
- (i) Financial statement depicts
- (i) financial position
 - (ii) analysis and interpretation
 - (iii) profit and loss
 - (iv) None of the above ()

- (j) Oral report does not include
- (i) group meetings
 - (ii) conferences with individuals
 - (iii) interviews
 - (iv) sales reports ()

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

- (a) Management accounting does not provide techniques for assisting strategic decisions.

(T / F)

- (b) Costing information fails to meet informational needs for managerial functions.

(T / F)

- (c) The size of the MOS is an important indicator of the strength of the business.

(T / F)

- (d) Profit and Loss Account shows only various operating expenses.

(T / F)

- (e) Reports are generated at the level where business decisions are made.

(T / F)

(f) Oral report does not include

(i) group meetings

(ii) conferences with individuals

(iii) interviews

(iv) sales reports

()

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

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(c) The size of the MOS is an important indicator of the strength of the business.

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(d) Profit and Loss Account shows only various operating expenses.

(T / F)

(e) Reports are generated at the level where business decisions are made.

(T / F)

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

(a) Strategic decisions

(b) Cost accounting

(c) Break-even analysis

(d) Trend analysis

(e) Investigative reports
