

Total number of printed pages-7

4 (Sem-5/CBCS) COM HE 1 (MA)

2021

(Held in 2022)

COMMERCE

(Honours Elective)

Paper : COM-HE- 5016

(Management Accounting)

Full Marks : 80

Time : Three hours

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

1. (a) State whether the following statements are 'true' *or* 'false' : 1×5=5
- (i) Management accounting is concerned with the future.

Contd.

- (ii) Financial Statements are the end products of accounting process.
- (iii) Flexible budget changes with the change in level of activity.
- (iv) When actual cost is greater than standard cost, then variance is favourable.
- (v) Profit-Volume ratio is also known as contribution ratio.
- (b) Fill in the blanks with appropriate word/words : $1 \times 5 = 5$
- (i) Management accounting deals only with that information which is useful to the _____.
- (ii) Two elements of a current ratio are current assets and _____.
- (iii) Budgetary control is a system of controlling _____.

- (iv) The difference between actual cost and standard cost is known as _____.
- (v) In marginal costing, only _____ costs are charged to production.
- (c) Write brief answers to the following questions : $2 \times 5 = 10$
- (i) Write *two* advantages of management accounting.
- (ii) Mention *two* limitations of ratio analysis.
- (iii) Write the meaning of budgetary control.
- (iv) Write the meaning of variance analysis.
- (v) Write *two* basic characteristics of marginal costing.

2. Answer the following questions : **(any four)** 5×4=20

- (i) Briefly explain the scope of management accounting.
- (ii) Explain the significance of liquidity ratios.
- (iii) State the characteristics of good budgeting.
- (iv) Mention *five* managerial uses of ratio analysis.
- (v) Explain the assumptions of marginal costing.
- (vi) Briefly explain *any five* advantages of standard costing.

3. Explain different tools and techniques of management accounting in the areas of decision-making. 10

Or

Explain the functions of management accounting. 10

4. Answer **either** Q. Nos. (a) and (b) **or** Q. No. (c) :

(a) The following information of a company is given below :

Current Ratio = 2.8

Acid-test Ratio = 1.5

Working Capital = ₹1,62,000

Find out :

(a) Current Assets ;

(b) Current Liabilities ; and

(c) Liquid Assets. 6

(b) How is the common size statement different from comparative statement ? 4

(c) What is the meaning of financial statement analysis ? Describe briefly the techniques of financial statement analysis. 2+8=10

5. The expenses budgeted for production of 10,000 units in a factory are furnished below :

| | Per Unit (₹) |
|------------------------------------|---------------------|
| Materials | 70 |
| Labour | 25 |
| Variable overhead | 20 |
| Fixed overheads (₹1,00,000) | 10 |
| Variable expenses (Direct) | 5 |
| Selling expenses (10% fixed) | 13 |
| Distribution expenses (20% fixed) | 7 |
| Administrative expenses (₹ 50,000) | 5 |
| Total cost of sales per unit | <u>155</u> |

Assume that administrative expenses are fixed for all levels of production.

Prepare a flexible budget for production of
(a) 8,000 units, and (b) 6,000 units. 10

Or

State the factors which are considered in establishment of standard cost. 10

6. Following are the information obtained from the books of Asian Ltd. :

| | |
|---------------|------------------|
| Fixed Cost | = ₹ 1,60,000 |
| Sales | = ₹ 100 per unit |
| Variable cost | = ₹ 90 per unit |

Calculate —

- (a) P/V ratio ;
- (b) Break-even sales ;
- (c) Break-even units ;
- (d) Sales to earn a profit of ₹ 40,000 ;
- (e) Profit when sales are ₹ 20,00,000.

2×5=10

Or

Explain the uses of marginal costing by management in decision-making process.

10