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**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 :

	<b>Per Unit (₹)</b>
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
<b>Total cost of sales per unit</b>	<b><u>155</u></b>

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