Total number of printed pages–7

4 (Sem–5/CBCS) COM HE 1 (MA)

2025

COMMERCE

(Honours Elective)

Paper : COM–HE–5016

(Management Accounting)

Full Marks : 80

Time : Three hours

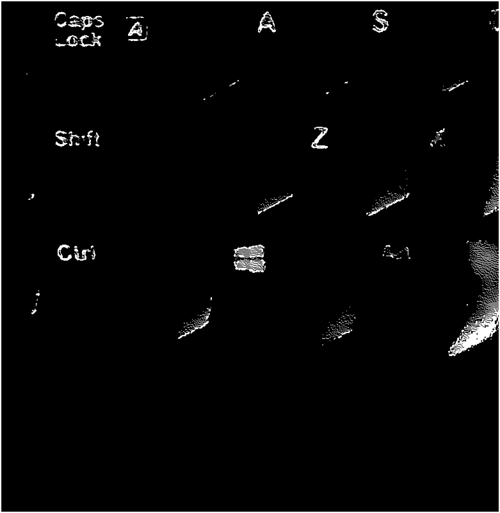
The figures in the margin indicate full marks for the questions.

1. Answer as directed : 1×10=10

   (a) Management Accounting is helpful in increasing profitability.
   *(State whether the statement is True **or** False)*

   (b) Flexible budget changes with the change in level of activity.
   *(State whether the statement is True **or** False)*

   (c) Management Accounting deals with both quantitative and ______ information. *(Fill in the blank)*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(d) Two elements of a current ratio are current assets and ______.

(Fill in the blank)

(e) Financial statements are :

(i) Estimates of facts

(ii) Anticipated facts

(iii) Recorded facts

(iv) All of the above

(Choose the correct answer)

(f) State the meaning of budgetary control.

(g) What do you mean by P. V. ratio ?

(h) At break-even point :

(i) there is neither profit nor loss

(ii) total revenue is equal to total costs

(iii) contribution is equal to fixed costs

(iv) All of the above

(Choose the correct answer)

(i) Labour Cost variance is the difference between Standard Cost of labour and ______ Cost of labour.

(Fill in the blank)

(j) When actual cost is greater than standard cost, then variance is favourable.

*(State whether the statement is True **or** False)*

2. Give brief answer to the following questions : 2×5=10

(a) Write *two* distinctions between Cost Accounting and Management Accounting.

(b) Mention *two* limitations of Ratio analysis.

(c) State the meaning of marginal costing.

(d) Write *two* advantages of Standard Costing.

(e) Write *two* limitations of budgetary control.

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

(a) Mention *five* objectives of Management Accounting.

(b) Write a brief note on common size statements.

(c) State the characteristics of good budgeting.

(d) Explain the assumptions of Marginal Costing.

(e) What do you mean by Variance analysis ? Discuss its importance briefly.

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

Current ratio = 2·8

Quick ratio = 1·6

Working capital = ₹1,60,000

Find out :

(i) Current Assets

(ii) Current Liabilities

(iii) Liquid Assets

4. Answer the following questions : ***(any four)*** 10×4=40

(a) "The subject of management accounting is very important and useful for optimum utilisation of resources. It is an indispensable discipline for management." Elucidate this statement.

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

(c) The expenses for the production of 8,000 units in a factory are given below :

Particulars	**Per unit (₹)**
Materials	60
Labour	30
Variable overheads	20
Fixed overheads (₹ 80,000)	10
Variable expenses (Direct)	10
Selling expenses (20% fixed)	15
Administrative expenses (₹ 40,000)	5
Distribution expenses (30% fixed)	10
	160

Prepare a budget for the production of 10,000 units and 12,000 units. Assume that administrative expenses are rigid for all the levels of production.

(d) A Furniture manufacturing uses Sunmica tops for tables. From the following information find out :

(i) Material cost variance

(ii) Material price variance

(iii) Material uses variance

Standard quantity of Sunmica per tables	8 sq.ft.
Standard price per sq. ft. of Sunmica	₹ 10.00
Actual production of tables	2,000
Sunmica actually used	8,600 sq.ft.
Actual purchase price of Sunmica per sq. ft.	₹ 11.00

(e) "Ratio analysis is only a technique for making judgement and not a substitute for judgement". Explain.

(f) Assuming that the cost structure and selling prices remain same in period I and II, find out

(i) P. V. ratio

(ii) Fixed Cost

(iii) Break-even Point for sales

(iv) Profit when sales are of ₹1,00,000

(v) Sales required to earn a profit of ₹ 40,000

Period	Sales (₹)	Profit (₹)
I	1,20,000	9,000
II	1,40,000	13,000

(g) State the factors which are considered in establishment of Standard Cost.

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