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Course Code MCO - 03

Term End Examination - December, 2019

ACCOUNTING FOR MANAGERIAL
DECISIONS

Master of Commerce (MCOM)

Time : 3 hours

Full Marks : 100

The figures in the right-hand margin indicate marks

Answer **all** Groups as directed

Group—A

1. Answer *all* the questions, each within *1* word or *1* sentence : 1×10=10
 - (a) What is the formula for Current Ratio?
 - (b) What do you call the assets which have no physical existence?
 - (c) What is Break-Even Point?
 - (d) Which statement shows position of Assets and Liabilities on a given date?
 - (e) For what type of Production ,Standard Costing is not suitable?

(2)

- (f) What is the objective of Standard Costing?
- (g) Cite an example of long-term budget.
- (h) For control purposes, in how many types the responsibility centres may be classified?
- (i) What does it mean by Financial Statement?
- (j) Give an example of deferred revenue expenditure.

Group—B

2. Answer any *four* questions each within
100 words : 5×4=20

- (a) Describe the methods of preparing cash budgets.
- (b) Define the term “Funds Flow”. State its objectives.
- (c) What is Variance Analysis? How it is used as a tool of financial control?
- (d) Differentiate between Financial Accounting and Management Accounting.

(3)

- (e) What do you mean by accounting ratios and what purpose they serve? Give an example.
- (f) Write a note on the limitations of financial statements.

Group—C

3. Answer any *four* questions each within 200 words : 10×4=40

- (a) Calculate the current ratio from the following information:

	Rs.		Rs.
Stock	60,000	Sundry creditors	20,000
Sundry Debtors	70,000	Bills Payable	15,000
Cash	20,000	Tax Payable	18,000
Bills Receivables	30,000	Outstanding Expenses	7,000
Prepaid Expenses	10,000	Bank Overdraft	25,000
Land & Building	1,00,000	Debentures	75,000
Goodwill	50,000		

(4)

- (b) What are the various features of an Ideal Budget?
- (c) How ERP is different from computerization of accounting functions?
- (d) Profit is the product of P/V ratio and margin of safety. Comment.
- (e) Explain the need for preparing a Cash Flow Statement.
- (f) Write a note on different types of Accounting Standards.

Group—D

4. Answer any *two* questions each within 300 words : 15×2=30

- (a) What do you mean by analysis and interpretation of Financial Statements? Discuss their utility and significance to the management and other stakeholders.
- (b) Define 'Budgeting'. Explain its objectives, advantages and limitations.

(5)

(c) The Balance Sheets as on 31.12.2017 and as on 31.12.2018 as well as P & L Account for the financial year 2018 of FONI ENTERPRISES are given below. Prepare the Cash Flow Statement of the concern for the year 2018.

**Balance Sheet as of 31st Dec. 2017
and 31st Dec. 2018**

Assets	31-12-2017	31-12-2018
	Rs.	Rs.
Fixed Assets, NET	4,70,000	5,42,000
Investments	80,000	60,000
Stock in Trade	1,20,000	1,45,000
Sundry Debtors	2,10,000	2,40,000
Cash at Bank	60,000	35,000
Preliminary Expenses	20,000	15,000
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	9,60,000	10,37,000
Liabilities		
Share Capital	2,50,000	2,50,000
Reserves and Surplus	50,000	60,000
Profit & Loss Account	20,000	26,000
Loans	5,00,000	6,00,000
Sundry Creditors	1,30,000	86,000
Outstanding Expenses (Manufacturing)	10,000	15,000
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	9,60,000	10,37,000

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(Turn Over)

(6)

Profit & Loss Account for 2018

	Rs.		Rs.
To Opening		By Sales:	
Stock	1,20,000	Cash	2,00,000
To Purchases	4,50,000	Credit	8,00,000
		By Profit	
To Wages	2,20,000	on Sale of	
		Investment	5,000
To		By Interest	
Manufacturing		Received	3,000
Expenses	1,00,000		
To Loss on		By Closing	
Sale of Plant	11,000	Stock	1,45,000
To			
Administration			
Expenses	65,000		
To			
Depreciation	60,000		
To Interest			
Paid	75,000		
To Preliminary			
Expenses	5,000		
To Discounts			
Allowed	6,000		
To Net Profit	41,000		
	<u>11,53,000</u>		<u>11,53,000</u>

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(Continued)

(7)

Rs.		Rs.	
To Transfer to Reserve	10,000	By Balance b/d	20,000
To Dividend Paid	25,000	By Profit for the year	41,000
To Balance c/d	26,000		
	<u>61,000</u>		<u>61,000</u>

Note: The cost of plant sold was Rs.80,000 with depreciation provided to the extent of Rs.50,000.

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