

2031
M.Com. (M.E.F.B.) First Semester
FB-106: Accounting for Managerial Decisions

Time allowed: 3 Hours

Max. Marks: 80

NOTE: Attempt five questions in all, selecting atleast two questions from each Unit.

x-x-x

UNIT – I

- I. What do you mean by accounting? State various principles of accounting. What is the inter-relationship among financial, cost and management accounting? (16)
- II. Define marginal costing. What is the need of marginal costing? What is the difference between absorption costing and differential costing? (16)
- III. The production cost of a factory are given as follows:-
- | | |
|-----------------------|----------|
| Direct wages | 90,000 |
| Direct materials | 1,20,000 |
| Production overheads: | |
| Flexible | 40,000 |
| Fixed | 60,000 |
- During the forthcoming year it is anticipated that:-
- a) Average rate for direct remuneration will fall from Rs. 0.90 per hour to Rs. 0.75 per hour.
- b) Production efficiency will be reduced by 5%.
- c) Price per unit of direct material and of other materials and services which comprise overheads will remain unchanged.
- d) Direct labour hours will increase by 33½ %. Draw a budget. (16)
- IV. From the following results of a company, determine by two much the value of sales must be increased by the company to break even.
- | | |
|---------------|----------|
| Net sales | 4,00,000 |
| Fixed cost | 2,00,000 |
| Variable cost | 2,40,000 |
- Use a break-even chart to illustrate. (16)
- V. Define Zero Based Budgeting (ZBB). How it differs from traditional budgeting? Discuss the advantages and Limitations of ZBB. (16)

P.T.O.

(2)

UNIT – II

- VI. Write notes on the following:-
- Standard Costing and Budgetary Control
 - Marginal costing and Historical costing (2x8)
- VII. Define variance and variance analysis. Explain various types of variances with the help of suitable examples. (16)
- VIII. What do you mean by responsibility accounting? What are the steps followed? Explain the responsibility centres. What are the fundamental features of responsibility accounting? (16)
- IX. A company fixes the inter divisional transfer prices of the products on the basis of cost plus an estimated return on investment in its divisions. The relevant portion of the budget for division A for the year 2017-18 is given:-
- | | |
|-----------------------------------|-----------|
| Fixed Assets | 10,00,000 |
| Debtors | 4,00,000 |
| Other current assets | 6,00,000 |
| Annual fixed cost of the division | 12,00,000 |
| Variable cost per unit | 15 |
| Budgeted volume | 8,00,000 |
| Desired return | 20% |
- You are required to determine the transfer prices for the division. (16)
- X. What do you mean by reporting to management? Explain the role of reporting system in effective management? Discuss the various kinds of reports prepared on different levels of management. (16)

x-x-x