

IMBA/BBA in ITF (NEP) Sem.-5 Examination

DSC-C-ITF-353T

Accounting for Managerial Decisions

Time : 2.00 Hours]

December-2025

[Max.Marks : 50

Instructions:

- **Figures to the right indicate Full Marks.**
- **Do not write anything on the question paper.**
- **Simple calculator is allowed. Do not use a scientific calculator.**

Q.1	Explain the Objectives of Management Accounting.	10																														
OR																																
Q.1	Explain the Tools and Techniques of Management Accounting.	10																														
Q.2	A plant is running at present at 50% of its capacity. The following details are available:	10																														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Particulars</th> <th colspan="2" style="text-align: center;">Cost of production per unit (₹)</th> </tr> </thead> <tbody> <tr> <td>Direct Materials</td> <td colspan="2" style="text-align: center;">4</td> </tr> <tr> <td>Direct Labour</td> <td colspan="2" style="text-align: center;">2</td> </tr> <tr> <td>Variable Overhead</td> <td colspan="2" style="text-align: center;">6</td> </tr> <tr> <td>Fixed Overhead</td> <td colspan="2" style="text-align: center;">4</td> </tr> <tr> <td>Total Cost per unit</td> <td colspan="2" style="text-align: center;">16</td> </tr> <tr> <td>Production per month</td> <td colspan="2" style="text-align: center;">40,000 units</td> </tr> <tr> <td>Total Cost of production</td> <td colspan="2" style="text-align: center;">3,20,000</td> </tr> <tr> <td>Sales price</td> <td colspan="2" style="text-align: center;">2,80,000</td> </tr> <tr> <td>Loss</td> <td colspan="2" style="text-align: center;">40,000</td> </tr> </tbody> </table>			Particulars	Cost of production per unit (₹)		Direct Materials	4		Direct Labour	2		Variable Overhead	6		Fixed Overhead	4		Total Cost per unit	16		Production per month	40,000 units		Total Cost of production	3,20,000		Sales price	2,80,000		Loss	40,000	
Particulars	Cost of production per unit (₹)																															
Direct Materials	4																															
Direct Labour	2																															
Variable Overhead	6																															
Fixed Overhead	4																															
Total Cost per unit	16																															
Production per month	40,000 units																															
Total Cost of production	3,20,000																															
Sales price	2,80,000																															
Loss	40,000																															
<p>An exporter offers to buy 10,000 units per month at the rate of ₹13 per unit and the company hesitates to accept the offer for fear of increasing its operating losses. Advise whether the company should accept or decline this offer.</p>																																
OR																																
Q.2	A Co. currently operating at 80% capacity has the following; profitability particulars:	10																														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Particulars</th> <th style="width: 25%;">Amount</th> <th style="width: 25%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td></td> <td style="text-align: right;">25,60,000</td> </tr> <tr> <td>Costs</td> <td></td> <td></td> </tr> <tr> <td>Direct Materials</td> <td style="text-align: right;">8,00,000</td> <td></td> </tr> <tr> <td>Direct Labour</td> <td style="text-align: right;">3,20,000</td> <td></td> </tr> <tr> <td>Variable overheads</td> <td style="text-align: right;">1,60,000</td> <td></td> </tr> <tr> <td>Fixed Overheads</td> <td style="text-align: right;">10,40,000</td> <td style="text-align: right;">23,20,000</td> </tr> <tr> <td>Profit</td> <td></td> <td style="text-align: right;">2,40,000</td> </tr> </tbody> </table>			Particulars	Amount	Amount	Sales		25,60,000	Costs			Direct Materials	8,00,000		Direct Labour	3,20,000		Variable overheads	1,60,000		Fixed Overheads	10,40,000	23,20,000	Profit		2,40,000						
Particulars	Amount	Amount																														
Sales		25,60,000																														
Costs																																
Direct Materials	8,00,000																															
Direct Labour	3,20,000																															
Variable overheads	1,60,000																															
Fixed Overheads	10,40,000	23,20,000																														
Profit		2,40,000																														

E1499-2

	An export order has been received that would utilise half the capacity of the factory. The order has either to be taken in full and executed at 10% below the normal domestic prices, or rejected totally. The alternatives available to the management are given below: a) Reject order and Continue with the domestic sales only, as at present; b) Accept; order, split capacity equally between overseas and domestic sales and turn away excess domestic demand; c) Increase capacity so as to accept the export order and maintain the present domestic sales by: (i) buying an equipment that will increase capacity by 10% and fixed cost by `80,000 and (ii) Work overtime at one and a half the normal rate to meet balance of required capacity. Prepare comparative statements of profitability and suggest the best.													
Q.3	Explain the concept of cost centre and profit centre. OR	10												
Q.3	Division A and B are both considering an outlay on new investment projects.	10												
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Division A (Rs.)</th> <th>Division B (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Investment</td> <td>4,00,000</td> <td>4,00,000</td> </tr> <tr> <td>Net return on new investments</td> <td>64,000</td> <td>44,000</td> </tr> <tr> <td>Current ROI</td> <td>18%</td> <td>11%</td> </tr> </tbody> </table> <p>The company's cost of capital is 13%. Should the project be accepted or rejected by finding out ROI on New Investment?</p>	Particulars	Division A (Rs.)	Division B (Rs.)	Investment	4,00,000	4,00,000	Net return on new investments	64,000	44,000	Current ROI	18%	11%	
Particulars	Division A (Rs.)	Division B (Rs.)												
Investment	4,00,000	4,00,000												
Net return on new investments	64,000	44,000												
Current ROI	18%	11%												
Q.4	Explain the concept of Just in Time approach. OR	10												
Q.4	Explain the concept of Target Costing.	10												
Q.5	Short Questions (Write 5 out of 8) <ol style="list-style-type: none"> Which are three advantages of Management accounting? Write two characteristics of Management Accounting. State 2 Difference between Financial Accounting and Management Accounting. What is Break Even Point? What is Relevant cost? What is bench marking? Explain the term "Balance Score Card" Give the formula of Economic Value Added. 	10												