

M.Com (Previous)
ACCOUNTING FOR MANAGERIAL DECISIONS

Paper-I MC-I.1

Max. Marks : 100
Time : 3 Hours

Note : There will be three sections of the question papers. In section A there will be 10 short answer question of 2 marks each. All questions of this section are compulsory. Section B will comprise of 10 questions of 5 marks each out of which candidates are required to attempt any seven questions. Section C will be having 5 questions of 15 marks each out of which candidates are required to attempt any three questions. The examiner will set the question in all the three sections by covering the entire syllabus of the concerned subject.

Course Inputs :

- Unit-I : Management Accounting-An Introduction:** Definition; place, Financial Accounting vs, Cost Accounting vs. Management Accounting; Functions, Techniques, Principles; Scope; Utility : Limitations; Essentials for Success.
- Budgetary Control : Managerial Control Process; Benefits; Limitations; Installation of the System; Classification of the Budgets; Preparation of different types of Budgets.
- Standard Costing and Variance Analysis : Types of Standards, Standard Costing and Estimated Costing; Advantages; Limitations; Setting of Standards; Analysis of different types of material, labour and overhead variances.
- Unit-II : Marginal Costing and Break-even Analysis:** Marginal Cost; Marginal Costing and Differential Costing, Marginal Costing and Absorption Costing; Contribution Analysis; Cost-Volume-Profit Analysis; Different types of Break-even Points and Charts; Advantages and limitations fo BE Charts, and Marginal Costing.
- Decisions Involving Alternate Choices: Cost Concepts Associated with Decision-marking; Evaluation Process; Specific Management Decisions-Make of buy; Expand or buy; Expand or Contract; Change vs. Status Quo: Retain or Replace; Explaining New Markets: Optimum Product Mix; Adding and Dropping a Product.
- Unit-III Capital Budgeting and Lease Financing :** Capital Budgeting-Concept; nature, need, importance, Managerial Uses; Components, Terminology used in Evaluating; Capital Expenditures; Appraisal Methods-Pay Back Period; its variants. Accounting rate of return; Discounted Cash Flow Methods-NPV, IRR, Profitability Index-their Conflicts and Resolution; Capital Rationing; Risk Analysis and its models.
- Lease Financing-Lease or buy decision; Evaluation of Lease methods;
- Financial Statements : Analysis and interpretation-Forms and nature of financial statements; Uses and Limitations; types and tools of analysis; Comparative Financial Statements: common-Size statements: Trend Percentages.
- Unit-IV Accounting Ratio:** Profitability ratios; Turnover Ratios; Solvency Ratios; Analysis of Capital Structure; Ratios as Predictors of insolvency; Significance Funds Flow Statement- Concepts; Uses; Preparation.
- Unit-V Cash Flow Statement:** Objectives; Sources and Application; Preparation of Statement as per Indian Accounting Standard 3.
- Responsibilities Accounting-Principles; Definition; Types of Responsibility Centres; Pre-requisites; Utility; Problems.
- Reporting to Management-Steps for Effective Reporting; Requisites of Ideal Report;Types of Reports Uses.