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M.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2022.

First Semester

Commerce – Core

ACCOUNTING FOR MANAGEMENT

(For those who joined in July 2021 onwards)

Time : Three hours

Maximum : 75 marks

PART A — ( $10 \times 1 = 10$  marks)

Answer ALL questions.

Choose the correct answer :

1. Financial accounting deals with:
  - (a) Determination of costs
  - (b) Determination of profits
  - (c) Determination of prices
  - (d) Determination of sales

2. Management accounting is helpful in increasing the
- (a) Efficiency                      (b) Profitability
  - (c) Quality                        (d) Quantity
3. The turnover ratio helps management in
- (a) Managing resources
  - (b) Managing a debt
  - (c) Evaluating performance
  - (d) Planning the finance
4. Proprietary ratio establishes the relationship between the shareholders funds to total ———
- (a) Tangible asset                (b) Intangible asset
  - (c) Long term debt               (d) Liquid assets
5. Sale of trade investments indicate:
- (a) Change in current assets
  - (b) Uses of fund
  - (c) Sources of fund
  - (d) Flow of Fund

6. Which of the following is not an inflow of cash?
- (a) Acquisition of assets
  - (b) Funds from operations
  - (c) Issue of debentures for cash
  - (d) Sale of fixed assets
7. The cost of a product as determined under standard cost system is.
- (a) Fixed cost                      (b) Historical cost
  - (c) Direct cost                    (d) Pre-determined cost
8. Which of the following variance is always adverse
- (a) Sales margin mix variance
  - (b) Fixed overhead capacity variance
  - (c) Idle time variance
  - (d) Variable overhead variance
9. One of the most important tools of cost planning is
- (a) Cost sheet                      (b) Budget
  - (c) Unit costing                    (d) Direct costing

10. Sales budget is

- (a) Functional budget (b) Expenditure budget  
(c) Master budget (d) Capital budget

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

11. (a) Differentiate between cost accounting and management Accounting.

Or

- (b) Explain the Advantages of Management accounting.

12. (a) Discuss the objectives of financial statement Analysis.

Or

- (b) Calculate

- (i) Current asset  
(ii) Liquid assets  
(iii) Inventory

Current ratio = 2.6: 1

Liquid ratio = 1.5:1

Current liabilities = Rs. 40,000

13. (a) Appraise the uses of fund flow statement.

Or

- (b) From the following Balance Sheet prepare a schedule of changes in working capital.

Liabilities	2003 Rs.	2004 Rs.	Assets	2003 Rs.	2004 Rs.
Share Capital	3,00,000	3,75,000	Machinery	70,000	1,00,000
Creditors	1,06,000	70,000	Stock in Trade	1,21,000	1,36,000
Profit & Loss a/c	14,000	31,000	Debtors	1,81,000	1,70,000
			Cash	48,000	70,000
	<u>4,20,000</u>	<u>4,76,000</u>		<u>4,20,000</u>	<u>4,76,000</u>

14. (a) Define variance. What are the types of Variances?

Or

- (b) A manufacturing concern, which has adopted standard costing, furnished the following information:

Standard:

Material for 70 kg finished products: 100 kg.

Price of material : Re 1 per kg.

Actual:

Output 2,10,000 kg

Material used: 2,80,000 kg

Cost of material : Rs. 2,52,000

Calculate:

- (i) Material Cost Variance
- (ii) Material Price Variance
- (iii) Material Usage variance.

15. (a) What do you understand by zero Base Budgeting?

Or

- (b) A Factory is presently working at 50% capacity and incurs the following expenditure:

	Rs.
Materials	1,50,000
Wages	70,000
Fixed Overheads	80,000
Variable Overheads	20,000
Semi-variable Overheads (60% Fixed)	30,000

Prepare flexible budget for 75% and 100%

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)

16. (a) Differentiate between financial accounting and Management accounting.

Or

- (b) State the different Accounting Concepts.

17. (a) Evaluate the significance of ratio analysis.

Or

- (b) From the following particulars relating to Ahamed & Co., Prepare the Trading and Profit and Loss Account for the year ending 31.12.2007:

Fixed Assets / Turnover Ratio	1:2
Gross Profit Ratio	25%
Net Profit Ratio	15%
Consumption of Raw materials	40% of cost
Finished goods	20% of the cost
Value of Fixed Assets	Rs. 10,50,000
There is no opening and closing stock.	

18. (a) Distinguish between fund flow statement and cash flow statement.

Or

- (b) Following is the Balance sheet of a company for the year 2003 and 2004.

#### BALANCE SHEET

Liabilities	2003 Rs.	2004 Rs.	Assets	2003 Rs.	2004 Rs.
Share Capital	70,000	74,000	Goodwill	10,000	5,000
Profit and Loss a/c	10,740	11,360	Land	20,000	30,000
Debentures	12,000	6,000	Stock	49,200	42,700
Creditors	10,360	11,840	Debtors	14,900	17,700
			Cash	9,000	7,800
	<u>1,03,100</u>	<u>1,03,200</u>		<u>1,03,100</u>	<u>1,03,200</u>

Additional Information:

- (i) Dividends were paid Rs. 4,000.  
(ii) Land purchased Rs. 10,000.

Prepare a funds flow statement.

19. (a) Explain the advantages of standard costing.

Or

- (b) Calculate sales variance and analyze it on the basis of data given below:

Products	Budget	Actual
X	10,000 Units @ Rs. 20	6,000 Units @ Rs. 24
Y	5,000 Units @ Rs. 10	9,000 Units @ Rs. 9

20. (a) Enumerate the steps involved in budgetary control.

Or

- (b) A glass manufacturing company requires you to calculate and present the budget for the next year from the following information:

Sales:

	Rs.
Toughened glass	4,00,000
Bent toughened glass	5,00,000

Direct cost:

Material 50% of Sales

Wages 10 workers @ Rs. 200 per month

Factory Overhead:

Indirect labour:

Works Manager Rs. 1,000 per month

Foreman Rs. 600 per month

Stores and Spares 3% on Sales

	Rs.
Depreciation of Maintenances	12,000
Light and Power	5,000
Repairs and Maintenances	6,000
Selling and Distribution expenses	15,800

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