Reg. No. : ....

Code No. : 7521 **Sub. Code : ZKCM 11**

M.Com. (CBCS) DEGREE EXAMINATION, APRIL 2023.

First Semester

Commerce – Core

ACCOUNTING FOR MANAGEMENT

(For those who joined in July 2021 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. The concept which assumes that a business will last in definitely is

   (a) Business entity

   (b) Going concern

   (c) Periodicity

   (d) Conservation

2. Basic objective of Management Accounts is

(a) To ascertain Profit or Loss

(b) To settle disputes between management and workers

(c) To report to different levels of management on performance

(d) None of these

3. Trend analysis is significant for

(a) Profit planning

(b) Working Capital management

(c) Capital rationing

(d) Forecasting and Budgeting

4. The 'Safe level' for proprietary Ratio is

(a) 0.50 (b) 2

(c) 1 (d) 3

5. Payment of dividend is

(a) An application of funds

(b) A source of funds

(c) Neither source nor application

(d) All the above

6. Cash from Investing activities arise from

(a) Cash flows on account of dealings in fixed assets and long term investments

(b) Cash flows on account of purchase and sale of goods

(c) Cash flows on account of short term investments

(d) None of the above

7. The type of standard that is best suited from cost control point of view is

(a) Ideal or theoretical standard

(b) Expected standard

(c) Normal standard

(d) Basic standard

8. Overhead Cost Variance is the difference between

(a) recovered overheads and actual overheads

(b) budgeted overheads and actual overheads

(c) budgeted overheads and standard overheads

(d) actual overheads and standard overheads

9. In the case of plant the limiting factor may be

(a) insufficient capacity

(b) shortage of experienced salesmen

(c) general shortage of power

(d) sufficient capacity

10. The difference between fixed and variable cost has a special significance in the preparation of

(a) flexible budget (b) master budget

(c) cash budget (d) production budget

PART B — (5 × 5 = 25 marks)

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

11. (a) Give a specimen form of trading and profit and loss account with imaginary figures.

Or

(b) What are the difference between Management Accounting and Cost Accounting?

12. (a) Explain the meaning of 'Trend Analysis' of financial statement.

Or

(b) Find out fixed assets and gross profit from the following information:

Sales Rs.10,00,000

Gross profit ratio 25%

Fixed assets turnover ratio (on cost of sales) 5 times

13. (a) How can you manage your working capital in a positive manner?

Or

(b) From the following Balance Sheets of Arvind ltd., you are required to prepare a cash flow statement:

Liabilities	1989 Rs.	1990 Rs.	Assets	1989 Rs.	1990 Rs.
Share capital	4,00,000	5,00,000	Cash	60,000	94,000
Trade			Debtors	2,40,000	2,30,000
creditors	1,40,000	90,000	Stock	1,60,000	1,80,000
Profit and			Land	1,00,000	1,32,000
Loss a/c	20,000	46,000			
	5,60,000	6,36,000		5,60,000	6,36,000

14. (a) Define Standard Costing and explain its advantages.

Or

(b) Explain the term "Variance" under Standard Costing and its Classifications.

15. (a) You are required to prepare a production budget for the half year ending June 2000 from the following information:

Product	Budgeted sales quantity Units	Actual stock on 31-12-99 Units	Desired stock on 30-6-2000 Units
S	20,000	4,000	5,000
T	50,000	6,000	10,000

Or

(b) What is ZBB? Explain the process of ZBB.

PART C — (5 × 8 = 40 marks)

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

16. (a) What do you meant by management accounting? Explain its characteristics.

Or

(b) Define the term management accounting. Explain it's scope.

17. (a) From the following details, compute

(i) Current assets;

(ii) Quick assets and

(iii) Stock

Current liabilities	Rs.9,00,000
Current ratio	2.5
Acid test ratio	2
(without prepaid expenses)	

Or

(b) From the following information make out a statement of proprietors fund with as many details as possible:

(i)	Current ratio	2.5
(ii)	Liquidity ratio	1.5
(iii)	Proprietary ratio (fixed assets/ proprietary fund)	0.75
(iv)	Working capital	Rs.60,000
(v)	Reserves and surplus	Rs.40,000
(vi)	Bank overdraft	Rs.10,000
(vii)	There is no long-term loan or fictitious asset.	

18. (a) The following are the summarized Balance Sheets of Mango Industries Ltd., as on 31st December, 1989 and 1990:

Balance Sheet

Liabilities	1989 Rs.	1990 Rs.	Assets	1989 Rs.	1990 Rs.
Capital :			Fixed assets	41,000	40,000
7% Redeemable			Less :		
Preference shares	–	10,000	Depreciation	11,000	15,000
Equity shares	40,000	40,000	Current assets :		
General Reserve	2,000	2,000	Debtors	20,000	24,000
Profit and Loss a/c	1,000	1,200	Stock	30,000	35,000
Debentures	6,000	7,000	Prepaid expenses	300	500

Liabilities	1989 Rs.	1990 Rs.	Assets	1989 Rs.	1990 Rs.
Current liabilities :			Cash	1,200	3,500
Creditors	12,000	11,000			
Provision for tax	3,000	4,200			
Proposed dividend	5,000	5,800			
Bank overdraft	12,500	6,800			
	81,500	88,000		81,500	88,000

Prepare :

(i) statement showing changes in the working capital

(ii) a statement of sources and applications of funds.

Or

(b) X Ltd. furnish you the following Balance Sheets for the years ending 31st Dec. 1985-86. You are required to prepare a cash flow statement for the year ended 31.12.1986.

Balance Sheets

Liabilities	1985 Rs.	1986 Rs.	Assets	1985 Rs.	1986 Rs.
Equity share Capital :	20,000	20,000	Goodwill	2,400	2,400
			Land	8,000	7,200
General Reserve	2,800	3,600	Building	7,400	7,200
Profit and Loss a/c	3,200	2,600	Investments	2,000	2,200
Sundry creditors	1,600	1,080	Inventories	6,000	4,680

Liabilities	1985 Rs.	1986 Rs.	Assets	1985 Rs.	1986 Rs.
Outstanding expenses	240	160	Accounts receivable	4,000	4,440
Provision for tax	3,200	3,600	Bank balance	1,320	3,040
Provision for bad debts	80	120			
	31,120	31,160		31,120	31,160

Following additional information has been supplied:

(i) A piece of land has also been sold for Rs.800

(ii) Depreciation amounting to Rs.1,400 has been charged on building.

(iii) Provision for taxation has been made for Rs.3,800 during the year.

19. (a) The budgeted and actual figures for the month of January in respect of sales are as follows:

	Budget			Actual		
Product	Quantity	Price Rs.	Value	Quantity	Price Rs.	Value
A	600	10	6,000	600	8	4,800
B	1,000	4	4,000	800	5	4,000
			10,000			8,800

Calculate the sales variances, presuming that the products are not homogeneous.

Or

(b) What are the differences between standard costs and estimated costs?

20. (a) Kalaiselvan & Co., uses two materials 'X' and 'Y' to produce a product. For the year 2000, they have planned to sell 2000 units of the product. Production department informs that after providing for normal loss, etc., 5 kgs per unit of material 'X' and 2 kgs per unit of material Y are needed for the product.

The stores incharge, after a study of his records and orders placed to the vendors, provides the following details:

	Finished Product Units	Material X Kgs	Material Y Kgs
Estimated stock on 1-1-2000	400	1,800	700
Materials on order 1-1-2000	–	2,000	500
Desired stock on 31-12-2000	600	2,200	800
Estimated materials on order on 31-12-2000	–	1,800	600
Estimated average purchase price during 2000	–	Rs.8 per kg.	Rs.15 per kg.

You are required to prepare a purchase budget for the materials, clearly showing the total cost of estimated purchases.

Or

(b) Sugam Engg.Co. manufactures 2 products 'P' and 'R'. An estimate of the number of units expected to be sold in the first 7 months of 1988 is given below:

Months	Production P (units)	Production R (units)
Jan.	1,400	500
Feb.	1,400	600
March	1,200	800
April	1,000	1,000
May	800	1,200
June	800	1,200
July	900	1,000

It is anticipated that:

(i) There will be no work-in-progress at the end of any month.

(ii) Number of units equal to half the anticipated sales for the next month will be in stock at the end of each month (including December 1988).

The budgeted production and production cost for the year ending 31-12-1988 are as follows:

	Production P	Production R
Production (units)	12,000	11,000
Direct material cost per unit (Rs.)	20	15
Direct wages per unit (Rs.)	10	8
Other manufacturing charges apportionable to each type of product for the year (Rs.)	48,000	33,000

You are required to prepare:

(1) A production budget showing the number of units to be manufacture each month: and

(2) A summarized production cost budget for six months period — January to June 1989.
