

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

First Semester

Commerce – Core

ACCOUNTING FOR MANAGEMENT

(For those who joined in July 2021–2022)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer:

- Management accounting is used to communicate with
 - Share holders
 - Outside agencies
 - both (a) and (b)
 - Partner's
- Management accounting relates to
 - Recording of accounting data
 - Recording of costing data
 - Presentation of accounting data
 - Recording of cash data

- Standard cost used for the purpose of
 - Promoting the performance
 - Calculating cost of manufacture
 - Controlling and reducing costs
 - Simplifying production operations.
- _____ is a planned result than an enterprise aims to attain.
 - Forecast
 - Budget
 - Marginal cost
 - Standard Cost
- Which of the following is usually a long-term budget
 - Sales budget
 - Cash budget
 - Capital expenditure budget
 - Fixed budget

PART B — (5 × 5 = 25 marks)

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

- (a) Describe the scope of Management accounting.
Or
(b) Explain the limitations of Management accounting.

- _____ is used as a tool for financial Analysis.
 - ROI
 - DU PONT CHART
 - Ideal Ratio
 - Debtors Velocity
- The statistical yardstick that provides a measure of the relationship between two accounting figures is
 - A current ratio
 - The accounting ratio
 - Capital ratio
 - Input ratio
- Commission paid is
 - Application of fund
 - Source of fund
 - No flow of fund
 - Flow of fund
- Cash from operation is an _____.
 - External source
 - Decrease in cash
 - Increase in cash
 - Internal source
- Idle time variance is a sub-variance of
 - Overhead efficiency variance
 - Labour cost variance
 - Labour time variance
 - Labour efficiency variance

- (a) Explain the "DU PONT CHART" of profitability.

Or

- (b) From the following details determine the value of debtors.

Total sales Rs. 2,00,000

Debtors velocity 30 days

Cash Sales Rs. 80,000

Bills Receivable Rs. 2,000

Take 360 days in a year.

- (a) What are the objectives of cash flow statement?

Or

- (b) From the following information, calculate funds from operations.

	2006	2007
Profit and loss account	25,000	40,000
General reserve	40,000	45,000
Goodwill	7,000	4,000
Preliminary expenses	5,000	3,000
Provision for depreciation on machinery	10,000	12,000
Refund of Tax	-	5,000

14. (a) Discuss the Advantages of standard costing.

Or

- (b) The standard time and rate for unit component are given below.
 Standard hours 20 per unit.
 Standard rate Rs. 5 per hour.
 Actual hours 20,500 hours
 Actual rate per hour Rs. 4.80
 Actual production 1000 units.
 Calculate (i) Labour cost variance (ii) Labour efficiency variance (iii) Labour rate Variance.

15. (a) Difference between forecast and Budget.

Or

- (b) Prepare a production budget for three months ending March 31, 2004 for a factory producing four products, on the basis of the following information.

Type of product	Estimated Stock on January 1, 2004 (units)	Estimated Sales during January March, 2004 (Units)	Desired Closing stock March 31, 2004 (Units)
A	2,000	10,000	5,000
B	3,000	15,000	4,000
C	4,000	13,000	3,000
D	5,000	12,000	2,000

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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) Distinguish between Management Accounting and Cost Accounting.

17. (a) Describe the special features of common size statement.

Or

(b) From the following details, prepare a Balance Sheet with as many details as possible:

Stock velocity	6
Capital turnover ratio	2
Fixed assets turnover ratio	4
Gross Profit ratio	20%
Debt collection period	2 months
Creditors payment period	73 days

The Gross Profit was Rs. 60,000. Reserves and Surplus Rs. 20,000 Closing stock was Rs. 5,000 in excess of opening stock.

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18. (a) How does cash flow statement different from fund flow statement?

Or

(b) Assess the sources and applications of funds.

19. (a) Classify the types of variances.

Or

(b) Kanpur manufacturing company operates a standard cost system and placed before you the following information for October 2007:

	Budgeted	Actual
Units of Output	4,000	4,250
Working Days	20	22
Labour Hours	40,000	43,000
Overhead Expenses	Rs.20,000	Rs.19,000

Calculate various overhead variances.

20. (a) Evaluate the advantages of budgetary control.

Or

(b) Prepare a Cash budget from the following information for the three months commencing 1st April 2010. On which date the cash balance was Rs. 50,000.

Month	Purchases	Sales	Expenses
February	40,000	80,000	7,200
March	45,000	85,000	7,500
April	38,000	78,000	8,000
May	42,000	84,000	9,000
June	50,000	95,000	10,500

Addition information

- Suppliers supply goods at 2 months credit.
- Debtors are given 1 month credit.
- 20% of sales constitute cash sales.
- Expenses are paid in the month following.

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