

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom DEGREE EXAMINATION DECEMBER 2024
(Third Semester)

Common to Branches – **COMMERCE/ COMMERCE WITH COMPUTER APPLICATION**

ADVANCED COST & MANAGEMENT ACCOUNTING

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Select the Basic objective of cost accounting? a) Tax compliance b) Financial Audit c) Cost ascertainment d) determination of selling cost	K1	CO1
	2	Element/s of Cost of a product are a) Material only b) Labour only c) Expenses only d) Material, Labour and expenses	K2	CO1
2	3	Which one out of the following is not an inventory valuation method? a) FIFO b) LIFO c) Weighted Average d) EOQ	K1	CO2
	4	What is the purpose of classifying overheads into fixed and variable. a) To determine Product cost b) To Predict future cost c) To evaluate Performance d) To simplify accounting	K2	CO2
3	5	In process costing, a joint product is a) a product which is later divided into many parts b) a product which is produced simultaneously with other products and is of similar value to at least one of the other products. c) A product which is produced simultaneously with other products but which is of a greater value than any of the other products. d) a product produced jointly with another organization	K1	CO3
	6	Job costing is the most suitable method for a) Oil processing units b) Transport companies c) sugar industry d) Repair shops	K2	CO3
4	7	Break even point is a) Sales at which profit is high b) Sales at which there is loss c) Sales at which there is no profit or loss d) Sales at which there is profit	K1	CO4
	8	Why do companies use the Standard costing concept? a) Because actual costs cannot be established, companies budget using standard costs b) The demand for the product is not an important factor of assumption c) Overhead expenses are already calculated by the companies d) Standard costing concept is a conventional costing method	K2	CO4
5	9	Zero base budgeting refers to a) Performance reporting b) Justification of every item in the budget afresh c) Responsibility Accounting d) Short term and long term budgeting	K1	CO5
	10	Budgeting involves estimation of Revenue and a) Maintaining accounts b) Sales c) Expenditure d) Cash	K2	CO5

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SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Examine the objectives of cost accounting.	K4	CO1
		(OR)		
	11.b.	List out the various methods of costing.		
2	12.a.	Material A is uses as follows Maximum usage in a month 600 units Minimum usage in a month 400 units Average usage in a month 450 units Reorder period : Maximum 6 months, minimum 2 months Reorder quantity : 1500 units Maximum reorder period for emergency purchases – 1 month Discover : Reorder level, Maximum level, Minimum level	K4	CO2
		(OR)		
	12.b.	Examine a stores ledger card recording the following transactions under FIFO method 2010 July 1 Opening stock 2000 units at Rs.10 each 5 Received 1000 units at Rs.11 each 6 Issued 500 units 10 Received 5000 units at Rs.12 each 12 Received back 50 units out of the issue made on 6 th July 14 Issued 600 units		
3	13.a.	The following data is available in respect of Job No.876 Direct materials Rs.17000 Wages 160 hours at Rs.50 per hour Variable overheads incurred for all jobs Rs.80,000 for 2000 labour hours. Fixed overheads are absorbed at Rs.20 per hour Explain whether this job will bring us profit or loss, if the job is billed for Rs.40000	K5	CO3
		(OR)		
	13.b.	The following are the expenses of Balaji & Co. in respect of a contract which commenced on 1 st January 2010. Material purchased 50000 Materials on hand 2500 Direct wages 75000 Plant issued 25000 Direct expenses 40000 The contract price was Rs.7,50,000 and the same was duly received when the contract was completed in August 2010. Charge indirect expenses at 15% on wages provide Rs.5000 for depreciation on plant and determine the contract account.		
4	14.a.	The selling price of a particular product is Rs.100 and the marginal cost is Rs.65. During the month of April, 800 units were produced of which 500 were sold. There was no opening stock at the commencement of the month. Fixed cost amounted to Rs.18,000. Conclude a statement using a) Marginal costing b) Absorption costing, showing the closing stock valuation and the profit earned under each principle.	K5	CO4
		(OR)		

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Q.no14 Cont...

	14.b.	a) Determine breakeven point from the following Sales 1000 units at Rs.10 each Rs.10000 Fixed cost Rs.8000 b) If the selling price is reduced to Rs.9, what is the new break even point?											
5	15.a.	Malar Ltd. Sells two products A and B which are produced in its special products division. Sales for the year 2000 were planned as follows: <table><tr><td></td><td>1st quarter</td><td>2nd quarter</td></tr><tr><td>Product A</td><td>10,000</td><td>12,000</td></tr><tr><td>Product B</td><td>5000</td><td>4500</td></tr></table> The selling prices were Rs.20 per unit and Rs.50 per unit respectively for A and B. Average sales returns are 5% of sales and the discounts and bad debts amount to 4% of the total sales. Construct the sales budget for the year 2000.		1 st quarter	2 nd quarter	Product A	10,000	12,000	Product B	5000	4500	K6	CO5
		1 st quarter	2 nd quarter										
	Product A	10,000	12,000										
Product B	5000	4500											
(OR)													
15.b.	You are required to design a production budget for the half year ending June 2000 from the following information <table><tr><th>Product</th><th>Budgeted sales quantity</th><th>Actual stock on 31.12.99</th><th>Desired stock on 30.06.2000</th></tr><tr><td>S</td><td>20000</td><td>4000</td><td>5000</td></tr><tr><td>T</td><td>50000</td><td>6000</td><td>10000</td></tr></table>	Product	Budgeted sales quantity	Actual stock on 31.12.99	Desired stock on 30.06.2000	S	20000	4000	5000	T	50000	6000	10000
Product	Budgeted sales quantity	Actual stock on 31.12.99	Desired stock on 30.06.2000										
S	20000	4000	5000										
T	50000	6000	10000										

SECTION -C (30 Marks)Answer **ANY THREE** questions**ALL** questions carry **EQUAL** Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO																								
1	16	List the steps to be taken for the installation of a costing system.	K4	CO1																								
2	17	A company has three types of materials A,B,C for production of x , the final product. The relevant monthly data are as given below. <table><thead><tr><th></th><th>A</th><th>B</th><th>C</th></tr></thead><tbody><tr><td>Normal Usage (units)</td><td>200</td><td>150</td><td>180</td></tr><tr><td>Minimum Usage (units)</td><td>100</td><td>100</td><td>90</td></tr><tr><td>Maximum Usage (units)</td><td>300</td><td>250</td><td>270</td></tr><tr><td>Reorder quantity (units)</td><td>750</td><td>900</td><td>720</td></tr><tr><td>Reorder periods (months)</td><td>2 to 3</td><td>3 to 4</td><td>2 to 3</td></tr></tbody></table> Calculate for each Components (i) Reorder Level (ii) Maximum Level (iii) Minimum Level (iv) Average stock Level		A	B	C	Normal Usage (units)	200	150	180	Minimum Usage (units)	100	100	90	Maximum Usage (units)	300	250	270	Reorder quantity (units)	750	900	720	Reorder periods (months)	2 to 3	3 to 4	2 to 3	K4	CO2
	A	B	C																									
Normal Usage (units)	200	150	180																									
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Reorder quantity (units)	750	900	720																									
Reorder periods (months)	2 to 3	3 to 4	2 to 3																									
3	18	From the following information of Velmurugan construction company determine the contract amount for 2009. Also show what part of the profit on the contract should be taken credit of in 2009. The contract was for Rs.8,00,000 <table><tbody><tr><td>Material issued from stores</td><td>150000</td></tr><tr><td>Wages paid</td><td>220000</td></tr><tr><td>General charges</td><td>8000</td></tr><tr><td>Plant installed at site on 1st July 2009</td><td>40000</td></tr><tr><td>Material on hand at close</td><td>8000</td></tr><tr><td>Wages accrued due</td><td>8000</td></tr><tr><td>Work certified</td><td>400000</td></tr><tr><td>Work completed but not certified</td><td>12000</td></tr><tr><td>Cash received</td><td>300000</td></tr><tr><td>Material transferred to other contract</td><td>8000</td></tr><tr><td>Material transferred from other contract</td><td>2000</td></tr></tbody></table> Depreciation on plant is to be provided at 10 % per annum	Material issued from stores	150000	Wages paid	220000	General charges	8000	Plant installed at site on 1 st July 2009	40000	Material on hand at close	8000	Wages accrued due	8000	Work certified	400000	Work completed but not certified	12000	Cash received	300000	Material transferred to other contract	8000	Material transferred from other contract	2000	K5	CO3		
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Wages accrued due	8000																											
Work certified	400000																											
Work completed but not certified	12000																											
Cash received	300000																											
Material transferred to other contract	8000																											
Material transferred from other contract	2000																											

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4	19	A.G. Ltd., furnished you the following related to the year 2009		K5	CO4
		First Half of the year	Second half of the year		
		Sales 45000	50000		
		Total cost 40000	43000		
		Assuming that there is no change in prices and variable cost and that the fixed expenses are incurred equally in the 2 half year periods, Evaluate for the year 2009.			
		a) Profit volume ratio	b) Fixed expenses		
		c) Break even sales and	d) % of margin of safety		
5	20	Develop a flexible budget for production at 75% and 100% capacity on the basis of the following data fit a 50% activity.		K6	CO5
			Per unit (Rs.)		
		Materials	100		
		Labour	50		
		Variable expenses (direct)	10		
		Administrative expenses (50% fixed)	40000		
		Selling and distribution expenses (60% fixed)	50000		
		Present production (50% activity)	1000 units		

Z-Z-Z

END