

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**BCom DEGREE EXAMINATION MAY 2025
(Third Semester)**

Branch – **COMMERCE (COST AND MANAGEMENT ACCOUNTING)**

ADVANCED COST AND MANAGEMENT ACCOUNTING

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Question No.	Question	K Level	CO
1	An ideal cost system should primarily help in a) Reducing customer complaints b) Maximizing product prices c) Controlling and reducing costs d) Increasing advertisement expenses	K1	CO1
2	Which costing method is commonly used in construction contracts? a) Job Costing b) Process Costing c) Contract Costing d) Operation Costing	K2	CO1
3	Which of the following documents is used to record the material cost for a specific job? a) Job card b) Material requisition note c) Time sheet d) Cost ledger	K1	CO2
4	When the contract is completed, the final profit is transferred to a) The profit and loss account b) The contract account c) The capital account d) The balance sheet	K2	CO2
5	The total operating cost for a transport company is given by a) Fixed costs + Variable costs b) Fixed costs + Variable costs + Revenue c) Variable costs only d) Fixed costs only	K1	CO5
6	In process costing, which of the following is NOT included in the cost of production? a) Direct materials b) Direct labour c) Factory overhead d) Selling and administrative expenses	K2	CO5
7	The break even point increased when fixed cost is----- a) Increased b) Decreased c) No change d) None	K1	CO4
8	The difference between actual cost and standard cost is known as a) Variance b) Cost c) Differential cost d) None	K2	CO4
9	A sales budget is typically prepared for which of the following periods? a) Annually b) Quarterly c) Monthly d) All of the above	K1	CO3
10	In budgetary control, a "budget" is used to a) Predict the future profits b) Set financial limits and goals for a period c) Calculate taxes owed d) Allocate funds for external investments	K2	CO3

SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

Question No.	Question	K Level	CO
11.a.	List out the various steps in installation of costing system.	K1	CO1
	(OR)		
11.b.	Find out the practical difficulties in installing a costing system.	K2	CO2
12.a.	Explain the advantages of Batch costing		
	(OR)		
12.b.	How much of profit if any, would you allow to be considered in the following case? Rs. Contract cost 2,80,000 up to date Contract value 5,00,000 Cash received 2,70,000 Uncertified work 30,000 Deduction from bills by way of security 10%		

Cont...

13.a.	<p>From the following data pertaining to the year 2010 prepare an operating cost sheet showing the cost of electricity generated per Kwh. By Thermal Power station:</p> <table><tr><td>Total units generated</td><td>10,00,000Kwh</td></tr><tr><td>Operating labour</td><td>Rs.65,000</td></tr><tr><td>Repairs and maintenance</td><td>Rs.55,000</td></tr><tr><td>Lubricants,spares and stores</td><td>Rs.50,000</td></tr><tr><td>Plant supervision</td><td>Rs.40,000</td></tr><tr><td>Administration overheads</td><td>Rs.25,000</td></tr></table> <p>Coal consumed per Kwh. for the year is 2.5Kg @of Rs.0.05 per Kg. Charge depreciation @10% on capital cost of Rs. 2,00,000</p>	Total units generated	10,00,000Kwh	Operating labour	Rs.65,000	Repairs and maintenance	Rs.55,000	Lubricants,spares and stores	Rs.50,000	Plant supervision	Rs.40,000	Administration overheads	Rs.25,000	K3	CO4
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Administration overheads	Rs.25,000														
(OR)															
13.b.	<p>In process B, 75 units of a commodity were transferred from process A at a cost of Rs.1,310. The additional expenses incurred by the process were Rs.190. 20% of the units entered are normally lost and sold @Rs.4 per unit. The output of the process was 70 units. prepare process B account and Abnormal gain account.</p>														
14.a.	<p>From the following information, calculate break even in units and sales volume.</p> <table><tr><td>Out put</td><td>3000 units</td></tr><tr><td>Selling price per unit</td><td>Rs.30</td></tr><tr><td>Variable cost per unit</td><td>Rs.20</td></tr><tr><td>Total fixed cost</td><td>Rs.20,000</td></tr></table>	Out put	3000 units	Selling price per unit	Rs.30	Variable cost per unit	Rs.20	Total fixed cost	Rs.20,000	K3	CO5				
Out put	3000 units														
Selling price per unit	Rs.30														
Variable cost per unit	Rs.20														
Total fixed cost	Rs.20,000														
(OR)															
14.b.	<p>Calculate the materials mix variance from the following</p> <table><tr><td>Material</td><td>Standard</td><td>Actual</td></tr><tr><td>A</td><td>90 units at Rs.12 each</td><td>100 units at Rs.12 each</td></tr><tr><td>B</td><td>60 units at Rs.15 each</td><td>50 units at Rs.16 each</td></tr></table>	Material	Standard	Actual	A	90 units at Rs.12 each	100 units at Rs.12 each	B	60 units at Rs.15 each	50 units at Rs.16 each					
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15.a.	<p>A factory currently working to 50% capacity and produces 10,000 units. Estimate the profits of the company when it works at 60% and 80% capacity. At 60% working raw material cost increases by 2% and selling price falls by 2%. At the 80% working raw material cost increases by 5% and selling price falls by 5%. At 50% capacity working the product cost Rs.180 per unit and sold at Rs.200 per unit. The unit cost of Rs.180 is made up as follows.</p> <table><tr><td>Material</td><td>Rs. 100</td></tr><tr><td>Labour</td><td>30</td></tr><tr><td>Factory overhead</td><td>30(40% fixed)</td></tr><tr><td>Administration overhead</td><td>20 (50% fixed)</td></tr></table>	Material	Rs. 100	Labour	30	Factory overhead	30(40% fixed)	Administration overhead	20 (50% fixed)	K1	CO3				
Material	Rs. 100														
Labour	30														
Factory overhead	30(40% fixed)														
Administration overhead	20 (50% fixed)														
(OR)															
15.b.	<p>Explain the objectives of budgetary control.</p>														

SECTION -C (30 Marks)

Answer ANY-THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

ALL questions carry EQUAL Marks

Question No.	Question	K Level	CO																														
16	Explain the various methods of costing.	K1	CO1																														
17	<p>A firm of builders carrying out large contracts kept in a contract ledger separate accounts for each contract. The following particulars relate to a certain contract carried out during the year ended 30th June.</p> <table border="1"> <thead> <tr> <th></th><th>Rs.</th></tr> </thead> <tbody> <tr> <td>Work certified by architects</td><td>1,43,000</td></tr> <tr> <td>Cash received from the contractee</td><td>1,30,000</td></tr> <tr> <td>Material sent to site</td><td>64,500</td></tr> <tr> <td>Labour engaged on site</td><td>54,800</td></tr> <tr> <td>Plant installed on site</td><td>11,300</td></tr> <tr> <td>Value of plant at 30th June (closing)</td><td>8,200</td></tr> <tr> <td>Cost of work not yet certified</td><td>3,400</td></tr> <tr> <td>Establishment charges</td><td>3,250</td></tr> <tr> <td>Direct expenditure</td><td>2,400</td></tr> <tr> <td>Wages accrued due</td><td>1,800</td></tr> <tr> <td>Material closing balance</td><td>1,400</td></tr> <tr> <td>Material returned to store</td><td>400</td></tr> <tr> <td>Direct expenses accrued due</td><td>200</td></tr> <tr> <td>Contract price</td><td>2,00,000</td></tr> </tbody> </table> <p>You are required to prepare an account, showing the profit on the contract upto 30th June.</p>		Rs.	Work certified by architects	1,43,000	Cash received from the contractee	1,30,000	Material sent to site	64,500	Labour engaged on site	54,800	Plant installed on site	11,300	Value of plant at 30 th June (closing)	8,200	Cost of work not yet certified	3,400	Establishment charges	3,250	Direct expenditure	2,400	Wages accrued due	1,800	Material closing balance	1,400	Material returned to store	400	Direct expenses accrued due	200	Contract price	2,00,000	K3	CO2
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18	A product passes through distinct processes A and B, and thereafter to finished stock. From the following information , you are required to prepare process cost account.			K3	CO2		
		Process A Rs.	Process B Rs.				
	Material consumed	12,000	6,000				
	Direct labour	14,000	8,000				
	Manufacturing expenses						
		4,000	4,000				
	Input in process A (in units) 10,000						
	Input in process A (in value) Rs.10,000						
	Output in units A = 9,400 B = 8,300						
	Normal wastage A 5% B 10%						
Value of normal wastage (per 100 units A Rs. 8 B Rs.10							
19	The Everest company manufacturers and sells direct to consumers 10,000 jars of Everest per month at Rs.1.25 per jar. he company's normal production capacity is 20,000 jars of Everest per month. An analysis of cost for 10,000 jars is given below.			K4	CO5		
		Rs.					
	Direct material	1,000					
	Direct labour	2,475					
	Power	140					
	Jars	600					
	Misc.supplies	430					
	Fixed expenses of manufacturing ,selling and administration 12,600						
	The company received an offer for the export under a different brand name of 1,20,000 jars of Everest at 10,000 jars per month at 75 paise a jar.						
	Write a short report on the advisability or otherwise of accepting the offer.						
20	A company is expecting to have Rs. 32,000 cash in hand on 1.4.2014 and it requests you to prepare cash budget for the three months, April to June 2014. The following information is supplied to you:			K1	CO3		
	Month	Sales (Rs)	Purchase (Rs)			Wages (Rs)	Expenses (Rs)
	February	70,000	44,000			6,000	5,000
	March	80,000	56,000			9,000	6,000
	April	96,000	60,000			9,000	7,000
	May	1,00,000	68,000			11,000	9,000
	June	1,20,000	62,000			14,000	9,000
	Other information:						
	1) Period of credit allowed by suppliers is two months.						
	2) 25% of sales is for cash and the period of credit allowed to customers for credit sales is one month.						
3) Delay in payment of wages and expenses one month.							
4) Income tax Rs.28,000 is to be paid in June 2014.							

Z-Z-Z

END