PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom DEGREE EXAMINATION MAY 2025
(Third Semester)

Common to Branches- **COMMERCE/ COMMERCE WITH COMPUTER APPLICATIONS**

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)

Module No.	Question No.	Question	K Level	CO
1	1	Cost classification can be done in …… a) Two ways b) Three ways c) Four ways d) Several ways	K1	CO1
	2	Fixed cost is a cost: a) Which changes in total in proportion to changes in output b) Which is partly fixed and partly variable in relation to output c) Which do not change in total during a given period despise changes in output d) which remains same for each unit of output	K2	CO1
2	3	Economic order quantity is that quantity at which cost of holding and carrying inventory is a) Maximum and equal b) Minimum and equal c) It can be maximum or minimum depending upon case to case. d) Minimum and unequal	K1	CO2
	4	ABC analysis is an inventory control technique in which a) Inventory levels are maintained b) Inventory is classified into A, B and C category with A being the highest quantity, lowest value. c) Inventory is classified into A, B and C Category with A being the lowest quantity, highest value d) Either b or c.	K2	CO2
3	5	In process costing, if an abnormal loss arises, the process account is generally a) Debited with the scrap value of the abnormal loss units b) Debited with the full production cost of the abnormal loss units c) Credited with the scrap value of the abnormal loss units d) Credited with the full production cost of the abnormal loss units	K1	CO3
	6	Usually, a contract account of an incomplete contract reveals a) Gross profit b) Net profit c) Operating profit d) Notional profit	K2	CO3
4	7	The P/v ratio of a company is 50% and margin of safety is 40%. If present sales is Rs. 30,00,000 then Break Even Point in Rs. will be a) Rs. 9,00,000 b) Rs. 18,00,000 c) Rs. 5,00,000 d) Rs. 7,00,000	K1	CO4
	8	Marginal cost is a) Prime cost b) Variable cost c) Work cost d) Cost of production	K2	CO1
5	9	Budgetary control involves comparison of budgets with ….. a) Actuals b) Receipts c) Payments d) Expenses	K1	CO5
	10	………… Budget is for different levels of activity. a) Production budget b) Sales Budget c) Flexible budget d) Cash budget	K2	CO5

Cont...

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.	Analyse the steps to be taken for the installation of a costing system.	K4	CO1
		(OR)		
	11.b.	Examine the limitation of cost accounting.		
2	12.a.	A firm maintains its stores ledger on the simple average price method. During the month of Jan. 2010 the following receipts and issues of materials were made. Simplify these transactions are recorded in the stores ledger. Receipts: Jan. 1 Balance 50 units @ Rs. 4 per unit. Jan. 5 Purchase 40 units @ Rs. 3 per unit. Jan. 8 Purchased 30 units @ Rs. 4 per unit. Jan. 15 Purchased 20 units @ Rs. 5 per unit. Jan. 26 Purchased 40 units @ Rs. 3 per unit. Issues: Jan. 10 Material Issued 70 units. Jan. 12 Material Issued 10 units. Jan. 20 Material Issued 20 units. Jan. 24 Material Issued 10 units. Jan. 27 Shortage 5 units.	K4	CO2
		(OR)		
	12.b.	From the following particulars, analyse Stores Ledger under LIFO Dec. 1 Stock in hand 500 units at Rs.20 3 Issued 200 units 3 Purchased 150 units at Rs.22 4 Issued 100 units 5 Purchased 200 units at Rs.25 6 Issued 300 units 6 Returns to Store 10 units (issed on 4th Dec.) 7 Issued 100 units 8 Issued 50 units On 10th, it was noticed that there is a shortage of 10 unit.		
3	13.a.	Determine the economic batch quantity for a product using batch costing from the following details Annual demand for the product = 2000 units Set up cost per batch = Rs.10 Cost of carrying inventory per unit = Rs.1	K5	CO3
		(OR)		
	13.b.	Estimate the profit you would allow to be considered in the following case? Rs. Contract cost - 11,20,000 Contract value - 20,00,000 Cash received - 10,80,000 Uncertified work - 1,20,000 Deduction from bills by way of security deposit is 10%		
4	14.a.	Vasanth Ltd. Presents in the following results for one year. Evaluate the P/V Ratio, BEP and Margin of Safety. Sales - 2,00,000 Variable cost - 1,20,000 Fixed cost - 50,000 Net profit - 30,000	K5	CO4
		(OR)		

<table>
<tr><td>4</td><td>14.b.</td><td>The selling price of a particular product is Rs.100 and the marginal cost is Rs.70. 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.20,000. Conclude a statement using a) Marginal costing b) Absorption costing, determining the closing stock valuation and the profit earned under each principle.</td><td>K5</td><td>CO4</td></tr>
<tr><td rowspan="3">5</td><td>15.a.</td><td>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.25 per unit and Rs.60 per unit respectively for A and B. Average sales returns are 4% of sales and the discounts and bad debts amount to 3% of the total sales. Build a sales budget for the year 2000.</td><td rowspan="3"></td><td rowspan="3"></td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>15.b.</td><td>You are required to build 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>25000</td><td>5000</td><td>10000</td></tr>
<tr><td>T</td><td>60000</td><td>10000</td><td>12000</td></tr>
</table></td></tr>
</table>

SECTION -C (30 Marks)

Answer **ANY THREE** questions

ALL questions carry **EQUAL** Marks (3 × 10 = 30)

<table>
<tr><th>Module No.</th><th>Question No.</th><th>Question</th><th>K Level</th><th>CO</th></tr>
<tr><td>1</td><td>16</td><td>Categorize the classification of cost.</td><td>K4</td><td>CO1</td></tr>
<tr><td>2</td><td>17</td><td>With the help of the following information, Examine the store ledger card based on the weighted average method of pricing issues:
Sep. 1. Opening balance 24,000 kgs @ Rs. 7.50 per kg.
Sep. 1 Purchase 44, 000 kgs. @ Rs. 7.60 per kg.
Sep. 1 Issue 10,000 kgs.
Sep.5 Issue 16,000 kgs.
Sep. 12 Issue 24,000 kgs.
Sep. 13 Purchase 10,000 kgs. @ Rs. 7.80 per kg.
Sep. 18 Issue 24,000 kgs.
Sep. 22 Purchase 50,000 kgs. @ Rs. 8.00 per kg.
Sep. 28 Issue 30,000 kgs.
Sep. 30 Issue 22,000 kgs.</td><td>K4</td><td>CO2</td></tr>
<tr><td>3</td><td>18</td><td>Suman industries produces a product which passes through two processes I and II and then to finished stock. It is ascertained that in each process 5% of the total weight put in is lost and 10% is scrap which realizes Rs.5 per ton and Rs.15 per ton respectively in processes I & II. The following details are available.
<table>
<tr><th>Particulars</th><th>Process I</th><th>Process II</th></tr>
<tr><td>Materials consumed in tons</td><td>2000</td><td>140</td></tr>
<tr><td>Cost of materials per ton Rs.</td><td>200</td><td>300</td></tr>
<tr><td>Wages Rs.</td><td>20000</td><td>15000</td></tr>
<tr><td>Manufacturing expenses</td><td>6000</td><td>5000</td></tr>
</table>
Evaluate the process accounts showing the cost of the output of each process and cost per ton.</td><td>K5</td><td>CO3</td></tr>
</table>

4	19	X Ltd., furnished you the following related to the year 2020. 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 2020. a) Profit volume ratio b) Fixed expenses c) Break even sales and d) % of margin of safety	K5	CO4
5	20	Kunal products and sells a product for which total capacity of 2000 units exists. The following expenses are for the production of 1000 units of the product which is sold at Rs.130 per unit — Per unit Direct Materials — 20 Direct wages — 30 Administration overheads (constant) — 20 Selling expenses (50% fixed) — 10 Distribution expenses (25% fixed) — 20 Total — 100 You are required to design a flexible budget for the production and sale of 1200 units and 2000 units, showing clearly the marginal (variable) cost and total cost at each level.	K6	CO5

Z-Z-Z END