22CSP208N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom(CS) DEGREE EXAMINATION MAY 2025
(Second Semester)

Branch- **CORPORATE SECRETARYSHIP**

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	Basic objectives of cost accounting is a) Financial Audit b) Cost Ascertainment c) Tax compliance d) Tax collection	K1	CO1
	2	Management accounting helps management in a) Decision making b) Filing tax returns c) Raising loan d) Cost reduction	K2	CO1
2	3	Operating costing is a a) Method of costing b) Technique of costing c) Norm of costing d) Procedure of costing	K1	CO2
	4	Abnormal loss and gains units are valued at a) Market value b) Scrap value c) Realisable value d) Cost per unit of the process –just like good output	K2	CO2
3	5	Marginal cost is a) Prime cost b) Works cost c) Variable cost d) Cost of production	K1	CO3
	6	Absorption costing takes into account. a) Total cost b) Variable cost c) Fixed cost d) Works cost	K2	CO3
4	7	A master budget is a) Budget for Assets and Liabilities b) Budget of Profit or Loss c) Budget for managerial remuneration d) Budget for operations of the entire organisation	K1	CO4
	8	A Flexible Budget is a) Budget for different capacity levels b) Budget for different departments c) Budget for receipts and payments d) None of the above.	K2	CO4
5	9	Trend analysis is significant for a) Profit planning b) Capital rationing c) Working Capital management d) Forecasting and Budgeting	K1	CO5
	10	Earnings per share (EPS) is a a) Profitability Ratio b) Turnover Ratio c) Liquidity Ratio d) None of these	K2	CO5

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.	Elaborate the essentials of a good costing system.	K4	CO1
		(OR)		
	11.b.	Discuss the objectives of management accounting.	K4	

Cont..

2	12.a.	Product X goes through three operations before it is finished. Normal loss of the operations is as follows: Operation I = 25% of input Operation 2 = 1/6 of input Operation 3 = 20% of input Compute the initial input required to obtain a final output of 100 units.	K5	CO2
		(OR)		
	12.b.	800 units were introduced into a process at a cost of Rs. 30,000. Cost of labour and overheads amounted to Rs. 26,000 and Rs. 16,000 respectively. The normal loss in the process is 10% of the input, which has no recovery value. Show the process A/c.	K5	
3	13.a.	Sales of a product amounts to 200 units per month at Rs. 10 per unit. Fixed overhead is Rs. 400 per month and variable cost Rs. 6 per unit. There is a proposal to reduce price by 10%. Calculate the present and future P/V ratio and find by applying P/V ratio, how many units must be sold to maintain total profit.	K5	CO3
		(OR)		
	13.b.	Calculate: (i) P/V Ratio (ii) The amount of fixed expenses, (iii) The number of units to break even (iv) The number of units to earn a profit of Rs. 40,000. (v) The profit or loss for sale of 10,000 units. The selling price per unit can be assumed to be Rs. 100. The company sold in two successive periods 7,000 units and 9,000 units and has incurred a loss of Rs. 10,000 and earned Rs. 10,000 as profit respectively.	K5	
4	14.a.	A manufacturing unit plans to sell 1,10,000 units in the first week, 1,20,000 units in the second week, 1,30,000 units in the third week and 1,40,000 units in the 4th week. At the beginning of the 1st week there are 14,000 units in stock. At the end of each week the company plans to have an inventory equal to one fifth of the sales for the next week. How many units must be manufactured in each week?	K6	CO4
		(OR)		
	14.b.	Discuss the various types of budgets.	K6	
5	15.a.	From the following balance you are required calculate the cash from operations:	K6	CO5

Particulars	31-12-05 Rs.	31-12-06 Rs
Debtors	50,000	47,000
Bills receivable	10,000	12,500
Creditors	20,000	25,000
Bills payable	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid expenses	800	700
Accrued income	600	750
Income received in advance	300	250
Profit made during the year	---	1,30,000

		(OR)		
	15.b.	You are given the following information: Cash 18,000 Debtors 1,42,000 Closing Stock 1,80,000 Bills payable 27,000 Creditors 50,000 Outstanding expenses 15,000 Tax payable 75,000 Calculate: (i) Current Ratio (ii) Liquid ratio	K6	

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>Explain the different types of costing.</td><td>K4</td><td>CO1</td></tr>
<tr><td>2</td><td>17</td><td>From the following particulars, prepare process Z account showing the cost per unit.
<table><tr><th></th><th>Units</th><th>Rs.</th></tr><tr><td>Transfer to process Z at cost from process Y</td><td>9000</td><td>27300</td></tr><tr><td>Transfer to finished st ock process Z</td><td>8000</td><td>-</td></tr><tr><td>Materials</td><td>-</td><td>500</td></tr><tr><td>Labour</td><td>-</td><td>6500</td></tr><tr><td>Direct expenses</td><td>-</td><td>2009</td></tr></table>Allowances for normal wastage 8% of units introduced. The scrap value is Re.1 per unit. You are required to prepare
(i) Process Z account
(ii) Normal wastage account</td><td>K6</td><td>CO2</td></tr>
<tr><td>3</td><td>18</td><td>The management of B company Ltd., are considering the sales budget for the next budget period. You are required to present to the management a statement showing
(i) the marginal cost of each product, and
(ii) to recommend which of the following sales mixes should be adopted:
(1) 1,800 units of X
(2) 1.200 units of Y
(3) 1,200 units of X and 400 units of Y.
(4) 900 units of X and 600 units of Y.
The chief accountant has ascertained the following information:
<table><tr><th></th><th>Product X Rs.</th><th>Product Y Rs.</th></tr><tr><td>Direct material</td><td>10</td><td>12.50</td></tr><tr><td>Selling price</td><td>30</td><td>50</td></tr><tr><td>Direct labour at 25 paise per hour 20 hrs.</td><td>20hours</td><td>30hours</td></tr><tr><td>Variable overheads: 100% of labour</td><td></td><td></td></tr><tr><td>Fixed overheads: Rs. 10,000</td><td></td><td></td></tr></table></td><td>K6</td><td>CO3</td></tr>
<tr><td>4</td><td>19</td><td>A factory is currently working at 50% capacity and produces 10000 units at a cost of Rs.180 per unit as per details below:
<table><tr><td></td><td>Rs.</td></tr><tr><td>Materials</td><td>100</td></tr><tr><td>Labour</td><td>30</td></tr><tr><td>Factory overheads</td><td>30 (Rs. 12 fixed)</td></tr><tr><td>Administrative overheads</td><td>20 (Rs. 10 fixed)</td></tr><tr><td>Total</td><td>180</td></tr></table>The current selling price is Rs. 200 per unit. At 60% working, material cost per unit increases by 2% and selling price per unit falls by 2%. At 80% working, material cost per unit increases by 5% and selling price per unit falls by 5%. Estimate profits of the factory at 60% and 80% working and offer your comments.</td><td>K6</td><td>CO4</td></tr>
<tr><td>5</td><td>20</td><td>Following are the details relating to the trading activities of A Ltd
Stock velocity - 8 months
Debtor's velocity - 3 months
Creditor's velocity - 2 months
Gross profit ratio - 25%
Gross profit for the year Rs. 400000,
Bills receivable Rs. 25000 and
Bills repayable Rs. 10000.Closing stock of the year is Rs.10000more than the opening stock.
Find out: (a) Sales (b) Debtors (c) Closing stock (d) Creditors</td><td>K6</td><td>CO5</td></tr>
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Z-Z-Z END