22COP313N/22CCP313N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom DEGREE EXAMINATION DECEMBER 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	Basic objective of cost accounting is a) Tax compliance b) Financial audit c) Cost Ascertainment d) Profit ascertainment	K1	CO1
	2	The management accounting can be stated an extension of A) Cost Accounting B) Financial Accounting C) Responsibility Accounting a) Both A and B b) Both A and C c) Both B and C d) A, B, C	K2	CO1
2	3	Material control involves a) Consumption of materials b) Issue of materials c) Purchase of materials d) Purchase, storage and issue of materials	K1	CO2
	4	Which of the following is not an avoidable cause of labour turnover? a) Dissatisfaction with Job b) Lack of training facilities c) Low wages and allowances d) Disability, making a worker unfit for work	K2	CO2
3	5	The basis for determining profit to be taken into account on incomplete contract is a) Cost of contract b) Contract price c) Percentage of work certified d) Uncertified work	K1	CO3
	6	Job cost usually estimated on the basis of a) Customer's specification b) Production cost c) Competitor's prices d) Govt. regulation	K2	CO3
4	7	P/V Ratio is an indicator of ________. a) The rate at which goods are sold b) The volume of sales c) The volume of profit d) The rate of profit	K1	CO4
	8	Excess of actual cost over standard cost is known as a) Abnormal effectiveness b) Unfavorable variance c) Favourable variance d) None of these	K2	CO4
5	9	Budgetary control system acts as a friend, philosopher and guide to the a) Management b) Shareholders c) Creditors d) Employees	K1	CO5
	10	Which of the following is usually a long-term budget? a) Fixed budget b) Cash budget c) Sales budget d) Capital expenditure budget	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.	Explain the objectives of management accounting.	K3	CO1
		(OR)		
	11.b.	Discuss about the users of cost accounting.		

Cont...

<table>
<tr><td rowspan="3">2</td><td>12.a.</td><td>Two materials A and B are used as follows
Normal consumption - 50 units per week each
Minimum consumption - 25 units per week each
Maximum consumption - 75 units per week each
Reorder quantity -
A – 300 units B – 500 units
Reorder period
A – 4 to 6 weeks B – 2 to 4 weeks
Calculate
a) Re-order level b) Minimum stock level
c) Maximum stock level d) Average stock level</td><td rowspan="3">K4</td><td rowspan="3">CO2</td></tr>
<tr><td></td><td>(OR)</td></tr>
<tr><td>12.b.</td><td>Calculate the earnings of worker A and B under straight piece rate system and Taylor's differential piece rate system from the following particulars
Normal rate per hour - Rs.2.40
Standard time per unit - 30 seconds
Differentials to be applied
80% of the piece rate below standard
120% of the piece rate at or above standard
Output
Worker A – 800 units per day
Worker B – 1,000 units per day</td></tr>
<tr><td rowspan="3">3</td><td>13.a.</td><td>A contract Account in the books of Contractors Ltd. appears as follows on June 30, 2020
<table><tr><td>Material issued to site</td><td>Rs.5,000</td></tr><tr><td>Direct Labour</td><td>Rs.4,600</td></tr><tr><td>Overhead Expenses</td><td>Rs.1,950</td></tr><tr><td>Plant issued to site</td><td>Rs.12,500</td></tr><tr><td>Indirect labour</td><td>Rs.640</td></tr></table>You are informed that it is the practice of the firm to take credit for two-thirds of the profit earned on the contract in progress after taking into account the value of the work certified for payment by architects. You are required to
a) Complete the contract account to June 30th
b) Show the amount which you would transfer to Profit and Loss account along with necessary calculations.
For this purpose, you are supplied with the following further information as at the date
<table><tr><td>Value of work certified for payment</td><td>10,000</td></tr><tr><td>Cost of work carried out, but not certified</td><td>3,800</td></tr><tr><td>Stock of materials not used</td><td>950</td></tr><tr><td>Value of plant on site after depreciation</td><td>11,875</td></tr><tr><td>Cash received from the contractee</td><td>9,000</td></tr></table></td><td rowspan="3">K4</td><td rowspan="3">CO3</td></tr>
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4	14.a.	The standard material required to manufacturer one unit of product A is 5 kgs and the standard price per kg of materials is Rs.3. The cost accountant's records, however reveal that 16,000 kgs of material costing Rs.52,000 were used for producing 3,000 units of product A. Calculate the variances.	K3	CO4
		(OR)		
	14.b.	Margin of safety – Rs.8,000 which represents 40% of sales Profit Volume Ratio – 50% You are required to find out a) Break Even Sales b) Fixed cost c) Total profit		
5	15.a	The cost of an article at a capacity level of 5,000 units is given under A below. For a variation of 20% in capacity above or below this level the individuals vary as indicated under B below:	K3	CO5

Particulars	A	B
Material cost	25,000	100% varying
Labour cost	15,000	100% varying
Power	1,250	80% varying
Repairs and maintenance	2,000	75% varying
Store	1,000	100% varying
Inspection	500	20% varying
Depreciation	10,000	100% varying
Administrative overheads	5,000	25% varying
Selling overheads	3,000	25% varying
	62,750	

		Find the unit cost of the production levels of 4,000 units and 6,000 units.		
		(OR)		
	15.b.	Write a brief note on responsibility accounting and its importance.		

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	Discuss about the relationship between cost and management accounting.	K3	CO1
2	17	The following information is extracted from the stores ledger Jan 1 Opening Balance 500 units at Rs.4 5 Purchases 200 units at Rs.4.25 12 Purchases 150 units at Rs.4.10 20 Purchases 300 units at Rs.4.50 25 Purchases 400 units at Rs.4 Issue of materials were as follows Jan 4 200 units 10 400 units 15 100 units 19 100 units 26 200 units 30 250 units Issues are to be paid on the principle of FIFO and Simple Average method. Write up the stores ledger account.	K3	CO2
3	18	Product A is obtained after it passes through distinct processes. Prepare process account from the following	K5	CO3

Particulars	Process I	Process II	Process III
Materials	5,200	3,960	5,924
Wages	4,000	6,000	8,000
Production overheads	Rs.18,000		

1,000 units of materials @ Rs.6 per units was introduced in Process I. Production overhead is to be distributed as 100% of wages

Process	Output (in units)	Normal loss	Value of scarp per unit (Rs.)
I	950	5 %	4
II	840	10 %	8
III	750	15 %	10

<table>
<tr>
<td>4</td>
<td>19</td>
<td>The following details relating to the product X during the month of March 2019 are available. You are required to compute the material and labour cost variance
Standard <u>cost per unit</u>
Material - 50 Kgs @ Rs.40 per kg
Labour - 400 hours @ Re.1.00 per hour
Actual cost <u>for the month</u>
Material - 4,900 kgs @ 42 per kg
Labour - 39,600 hours @ Re.1.10 per hour
Actual production – 100 units</td>
<td>K5</td>
<td>CO4</td>
</tr>
<tr>
<td>5</td>
<td>20</td>
<td>A company expects to have Rs.37,500 cash in hand on 1st April 2024 and requires you to prepare an estimate of cash position during the three months April to June Following information is supplied to you
<table>
<tr><th>Months</th><th>Sales</th><th>Purchase</th><th>Wages</th><th>Factory expenses</th><th>Office Expenses</th><th>Selling expenses</th></tr>
<tr><td>Feb.</td><td>75,000</td><td>45,000</td><td>9,000</td><td>7,500</td><td>6,000</td><td>4,500</td></tr>
<tr><td>March</td><td>84,000</td><td>48,000</td><td>9,750</td><td>8,250</td><td>6,000</td><td>4,500</td></tr>
<tr><td>April</td><td>90,000</td><td>52,500</td><td>10,500</td><td>9,000</td><td>6,000</td><td>5,250</td></tr>
<tr><td>May</td><td>1,20,000</td><td>60,000</td><td>13,500</td><td>11,250</td><td>6,000</td><td>6,570</td></tr>
<tr><td>June</td><td>1,35,000</td><td>60,000</td><td>14,250</td><td>14,000</td><td>7,000</td><td>7,000</td></tr>
</table>
Other information

Period of credit allowed by suppliers – 2 months
20% sales is for cash and period of credit allowed to customers for credit sales is one month
Delay in payment of all expenses – 1 month
Income tax of Rs.57,500 is due to be paid on June 15th
The company is to pay dividends to shareholders and bonus to workers of Rs.15,000 and Rs.22,500 respectively in the month of April
Plant has been ordered and is expected to be received and paid in May. It will cost Rs.1,20,000
</td>
<td>K5</td>
<td>CO5</td>
</tr>
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