22COP313N/22CCP313N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom DEGREE EXAMINATION MAY 2026
(Third Semester)

Common to Branches – **COMMERCE & COMMERCE WITH COMPUTER APPLICATIONS**

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	Which of the following is the main objective of cost accounting? (i) Determine tax liability (ii) Provide information to shareholders (iii) Ascertain and control cost (iv) Help in auditing	K1	CO1
	2	Identify the type of costing used in automobile (i) Process (ii) batch (iii) multiple (iv) job	K2	CO1
2	3	Find out the result of applying LIFO method during inflation (i) Higher profits (ii) Lower cost of goods sold (iii) Lower taxable income (iv) Higher closing stock value	K1	CO2
	4	Define the basis of classification of inventory under ABC analysis (i) Weight of materials (ii) Volume of materials (iii) Value of consumption (iv) Nature of material	K2	CO2
3	5	Relate the occurrence of changes due to step cost (i) Gradually (ii) Continuously (iii) In fixed steps at certain levels (iv) Proportionately	K1	CO3
	6	Select the suitability of applying job costing (i) Continuous production (ii) Customized production (iii) Homogeneous products (iv) Oil refining	K2	CO3
4	7	How would you treat the fixed costs under marginal costing? (i) Product cost (ii) Capitalized (iii) Period cost (iv) Added to inventory	K1	CO4
	8	Identify the treatment of fixed manufacturing overhead under absorption costing. (i) Treated as period cost (ii) Ignored (iii) Included in product cost (iv) Treated as variable cost	K2	CO4
5	9	Which of the following functional budget is prepared initially? (i) Cash budget (ii) Production budget (iii) Sales budget (iv) Material budget	K1	CO5
	10	To which of he following a profit centre is held responsible? (i) Cost only (ii) Revenue only (iii) Both revenue and cost (iv) Investment only	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.	Demenstrate the relationship between Cost Accounting and Financial Accounting.	K2	CO1
		(OR)		
	11.b.	Explain the steps involved in installation of a costing system.		

Cont…

<table>
<tr><td rowspan="3">2</td><td>12.a.</td><td>The following particulars have been extracted in respect of material X. Prepare ledger account showing the receipts and issues, pricing the materials issued on the basis of simple average method.
Receipts:
3rd Oct. purchased 500 units at Rs. 4.00 per unit
13rd Oct. purchased 900 units at Rs. 4.30 per unit
23rd Oct. purchased 600 units at Rs. 3.80 per unit
Issues:
5th Oct. issued 400 units
15th Oct. issued 400 units
25th Oct. issued 600 units</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>Standard time allotted for a job is 20 hours and the rate per hour is Rs.2 plus a dearness allowance @50 paise per hour worked.
The actual time taken by a worker is 15 hours. Calculate the earnings under a) Time system b) Piece wage system c)Halsey plan d) Rowan scheme</td></tr>
<tr><td rowspan="3">3</td><td>13.a.</td><td>The following overheads are incurred in a factory:
<table><tr><td>Particulars</td><td>Amount (Rs.)</td></tr><tr><td>Factory Rent</td><td>40,000</td></tr><tr><td>Power</td><td>30,000</td></tr><tr><td>Supervisor Salary</td><td>20,000</td></tr><tr><td>Insurance</td><td>10,000</td></tr></table>Department A and B occupy floor area in the ratio 3:2.
Power consumption ratio is 2:1.
1. Apportion the overheads between Departments A and B.
2. Calculate total overhead of each department.</td><td rowspan="3">K5</td><td rowspan="3">CO3</td></tr>
<tr><td></td><td>(OR)</td></tr>
<tr><td>13.b.</td><td>The following expenditure is incurred for producing articles, called mini motors.
Rs.
Material(200units) 4,000
Labour 3,000
Indirect expenses 2,000
Normal wastage is 5% of the input. One unit of wastage is sold at Rs.16.50 each. Prepare process account.</td></tr>
<tr><td rowspan="3">4</td><td>14.a.</td><td>LMN ltd manufactured electronic items. The following details available.
Selling price per unit Rs.5,000
Variable cost per unit Rs.3,000
Total fixed costs Rs.12,00,000
The company expects to sell 3,000 units.
Calculate BEP in units and sales revenue. if the variable cost increases by Rs.500, determine the new BEP.</td><td rowspan="3">K5</td><td rowspan="3">CO4</td></tr>
<tr><td></td><td>(OR)</td></tr>
<tr><td>14.b.</td><td>From the following information calculate the material mix variance.
<table><tr><td>Materials</td><td>Standard</td><td>Actual</td></tr><tr><td>A</td><td>200 Units @Rs.12</td><td>160 Units @Rs.13</td></tr><tr><td>B</td><td>100 Units @Rs.10</td><td>140 Units @Rs.10</td></tr></table>Due to shortage of material A, it was decided to reduce consumption of A by 15% and increase that of material B by 30%</td></tr>
<tr><td rowspan="3">5</td><td>15.a.</td><td>"Budgetary Control is an effective tool for managerial planning and control."- Discuss.</td><td rowspan="3">K4</td><td rowspan="3">CO5</td></tr>
<tr><td></td><td>(OR)</td></tr>
<tr><td>15.b.</td><td>Explain the advantages of Responsibility Accounting.</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>Outline the limitations of Cost Accounting and suggest measures to overcome them.</td><td>K2</td><td>CO1</td></tr>
<tr><td>2</td><td>17</td><td>The following are the details of material purchased:
Jan 1: 100 units @ Rs.10
Jan 5: 200 units @ Rs.12
Jan 7: 100 units issued
Jan 5: 200 units @ Rs.13
Jan 10: 150 units issued
Jan 15: 150 units @ Rs.14
Jan 20: 100 units issued
Prepare the Stores Ledger under LIFO method.</td><td>K4</td><td>CO2</td></tr>
<tr><td>3</td><td>18</td><td>From the following particulars, prepare cost sheet showing the comparative cost per tonne for the periods. three months ended 31st March and 30th June
<table>
<tr><th>Particulars</th><th>31st March (Rs.)</th><th>30th June (Rs.)</th></tr>
<tr><td>Productive wages</td><td>72,000</td><td>98,000</td></tr>
<tr><td>Administrative expenses</td><td>12.000</td><td>12,000</td></tr>
<tr><td>Raw materials</td><td>36,000</td><td>49,000</td></tr>
<tr><td>Taxes and insurance(factory)</td><td>750</td><td>750</td></tr>
<tr><td>Light and water</td><td>1,000</td><td>1,000</td></tr>
<tr><td>Direct expenses</td><td>9,000</td><td>12,500</td></tr>
<tr><td>Depreciation</td><td>2,000</td><td>2,000</td></tr>
<tr><td>Factory rent</td><td>1,500</td><td>1,500</td></tr>
<tr><td>Unproductive labour</td><td>30,000</td><td>41,000</td></tr>
<tr><td>Factory repairs</td><td>3,000</td><td>4,500</td></tr>
<tr><td>Total</td><td>I,67,250</td><td>2,22,250</td></tr>
</table>
The average tonnage produced in the two quarters was 12,000 and 16,000 respectively.</td><td>K4</td><td>CO3</td></tr>
<tr><td>4</td><td>19</td><td>From the following information calculate
a.) P/V Ratiob). Break-Even Point (BEP) in sales valuec)Margin of Safety (MOS)
d) If the selling price is reduced by 10%, calculate: New PV Ratio and margin of safety.
Total Sales = Rs. 3,60,000Total Variable Cost = Rs. 1,80,000
Fixed Cost = Rs. 1,00,000</td><td>K5</td><td>CO4</td></tr>
<tr><td>5</td><td>20</td><td>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:
<table>
<tr><th>Month</th><th>Sales(Rs)</th><th>Purchase(Rs)</th><th>Wages(Rs)</th><th>Expenses(Rs)</th></tr>
<tr><td>February</td><td>70,000</td><td>44,000</td><td>6,000</td><td>5,000</td></tr>
<tr><td>March</td><td>80,000</td><td>56,000</td><td>9,000</td><td>6,000</td></tr>
<tr><td>April</td><td>96,000</td><td>60,000</td><td>9,000</td><td>7,000</td></tr>
<tr><td>May</td><td>1,00,000</td><td>68,000</td><td>11,000</td><td>9,000</td></tr>
<tr><td>June</td><td>1,20,000</td><td>62,000</td><td>14,000</td><td>9,000</td></tr>
</table>
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.</td><td>K5</td><td>CO5</td></tr>
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