TOTAL PAGES: 3
22CSP208N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
MCom (CS) DEGREE EXAMINATION MAY 2026
(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	The main purpose of cost accounting is to ______ a) Maximize profits b) Help in inventory valuation c) Provide information to management for decision-making d) Aid in the fixation of selling price	K1	CO1
	2	The total of all direct expenses is known as ________cost. a) Prime cost b) Factory cost c) Overhead cost d) Total cost	K2	CO1
2	3	In contract costing payment of cash to the contractor is made on the basis of ____ work. a) Certified b) work in progress c) Uncertified d) Sub-contracts	K1	CO1
	4	Process costing is one aspect of ______ costing. a) Operating b) Job c) Contract d) Marginal	K2	CO1
3	5	Marginal cost is _______. a) Prime cost b) Variable cost c) Works cost d) Cost of production	K1	CO1
	6	Standard costing is a _______ a) Method of costing b) Technique for cost reduction c) Cost control technique d) Using material	K2	CO1
4	7	Budgeting is a______ a) Technique b) method of costing c) maintain ledger accounts d) Statement	K1	CO1
	8	A flexible budget is ________. a) Budget for different capacity levels b) Budget for different departments c) Budget for receipts d) Budget for payments	K2	CO1
5	9	Decrease in creditors is _____ of cash. a) inflow b) outflow c) investment d) finance	K1	CO1
	10	Solvency ratio indicates ________. a) Profitability b) Activity c) Credit worthiness d) Goodwill	K2	CO1

SECTION - B (35 Marks)

Answer **ALL** questions
ALL questions carry **EQUAL** Marks (5 × 7 = 35)

<table>
<tr><th>Module No.</th><th>Question No.</th><th>Question</th><th>K Level</th><th>CO</th></tr>
<tr><td rowspan="3">1</td><td>11.a.</td><td>Define cost accounting. Explain the objectives of cost accounting.</td><td rowspan="3">K2</td><td rowspan="3">CO1</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>11.b.</td><td>Describe the scope of management accounting.</td></tr>
<tr><td rowspan="3">2</td><td>12.a.</td><td>A lorry starts with a load of 20 tons of goods from station A. It unloads 8 tons at station B and rest of goods at station C. It reaches back directly to station A after getting reloaded with 16 tons of goods at station C. The distance between A to B, B to C and then from C to A are 80 kms, 120 kms and 160 kms respectively, Compute absolute tones kms and commercial tones kms.</td><td rowspan="3">K2</td><td rowspan="3">CO1</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>12.b.</td><td>A company undertook a contract for construction of a large building complex. The construction work commenced on 1st April, 2000 and the following data are available for the year ended 31st March, 2001.
<table>
<tr><th></th><th>Rs.‘000</th><th></th><th>Rs.‘000</th></tr>
<tr><td>Contract Price</td><td>35,000</td><td>Plant Hire charges</td><td>1,750</td></tr>
<tr><td>Work Certified</td><td>20,000</td><td>Wages related Costs</td><td>500</td></tr>
<tr><td>Progress payments received</td><td>15,000</td><td>Site office costs</td><td>678</td></tr>
<tr><td>Materials issued to Site</td><td>7,500</td><td>Head office expenses apportioned</td><td>375</td></tr>
<tr><td>Planning & Estimating costs</td><td>1,000</td><td>Site expenses incurred</td><td>902</td></tr>
<tr><td>Direct wages paid</td><td>4,000</td><td>Work not certified</td><td>149</td></tr>
<tr><td>Materials returned from Site</td><td>250</td><td></td><td></td></tr>
</table>
The contractors own a plant which originally cost Rs.20 lakhs has been continuously in use in this contract throughout the year. The residential value of the plant after 5 years of life is expected to be Rs.5 lakhs. Straight line method of depreciation is in use. As on 31st March, 2001 the direct wages due and payable amounted toRs.2,70,000 and the materials at site were estimated at Rs.2,00,000. i)Prepare the contract account for the year ended 31st march 2001 ii)Show the calculation of profit to be taken to the profit and loss account of the year.</td></tr>
</table>

Cont...

3

13.a. Sales Rs. 1,00,000 Profit Rs. 10,000 Variable cost 70%
Find out (i) P/V ratio, (ii) Fixed Cost
(iii) Sales Volume to earn a Profit of Rs. 40,000

(OR)

13.b. Find out various labour variances from the data given as under:
Budgeted Labour composition for producing 100 articles
20 Men @ Rs.1.25 per hour for 25 hours
30 Women @ Rs.1.10 per hour for 30 hours
Actual Labour consumption for producing 100 articles
25 Men @ Rs.1.50 per hour for 24 hours
25 Women @ Rs.1.20 per hour for 25 hours.

K2 CO1

4

14.a. The expenses for the production of 50,000 units in a factory are given as follows:

	Per unit Rs.
Materials	50
Labour	20
Variable Overheads	15
Fixed Overheads (Rs 50,000)	10
Administrative expenses (5% variable)	10
Selling expenses (20 % Fixed)	6
Distribution expenses (10 % Fixed)	5

Total cost of sales per unit	116

You are required to prepare a budget for the production of 7,000 units.

(OR)

14.b. Prepare a production budget from the following information:

Product	Estimated stock on 1-1-1998 (units)	Estimated sales during Jan. to March 1998 (units)	Desired closing stock on 31-12-1998(units)
R	2,000	10,000	3,000
S	3,000	15,000	5,000
U	4,000	13,000	3,000
P	3,000	12,000	2,000

K2 CO1

5

15.a. Calculate cash flow from operating activities from the following information

	2006(Rs.)	2007(Rs.)
Bills Receivable	20,000	25,000
Debtors	1,00,000	80,000
Outstanding Expenses	1,600	2,000
Creditors	50,000	40,000
Accrued Income	12,000	14,000
Bills Payable	80,000	50,000
Profit and Loss Account	1,00,000	3,60,000

(OR)

15.b. From the following information, calculate:
i) Current Liabilities ii) Current Assets iii) Liquid Assets iv) Stock
Current Ratio 2.5 Liquid Ratio 1.5 Working Capital ₹60, 000

K2 CO1

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	From the following particulars, prepare a cost statement showing the components of Total cost and profit for the year ended 31st December, 2016	K5	CO2

	1.1.2016	31.12.2016
Stock of finished goods	Rs.6,000	Rs.15,000
Stock of raw materials	Rs.40,000	Rs.50,000
Work-in-progress	Rs.15,000	Rs.10,000

	Rs.		Rs.
Purchase of raw materials	4,75,000	Sales for the year	8,60,000
Carriage inwards	12,500	Income tax	500
Wages	1,75,000	Dividend	1,000
Works managers salary	30,000		
Factory employees' salaries	60,000	Debenture interest	5,000
Factory rent, taxes and insurance	7,250	Transfer to sinking fund for replacement of machinery	10,000
Power expenses	9,500	Goodwill written off	10,000
Other production expenses	43,000	Payment of sales tax	16,000
General expenses	32,500	Selling expenses	9,250

2 17

The product of company passes through three distinct processes to completion. They are known as A, B and C. From past experience it is ascertained that loss is incurred in each process as: Process A – 2%, Process B-5%, Process C-10%.

In each case the percentage of loss is computed on the number of units entering the process concerned. The loss of each process possesses a scrap value. The loss of processes A and B is sold at Rs.5 per 100 units and that of Process C at Rs.20 per 100 units. The output of each process passes immediately to the next process and the finished units are passed from process C into stock

	Process A	Process B	Process C
Materials consumed	Rs.6,000	Rs.4,000	Rs.2,000
Direct labour	Rs.8,000	Rs.6,000	Rs.3,000
Manufacturing expenses	Rs.1,000	Rs.1,000	Rs.1,500

20,000 units have been issued to process A at cost of Rs.10,000. The output of each process has been as under: Process A – 19,500 units; Process B – 18,800 units and Process C – 16,000 units There is no work-in-progress in any process. Prepare process account. Calculation should be made to the nearest rupee.

K5 CO3

3 18

The following figures of sales and profits for two periods are available in respect of a concern:

	Sales (Rs.)	Profit (Rs.)
Period I	1,00,000	15,000
Period II	1,20,000	23,000

You are required to find out:

a) P/V ratio b) Fixed Cost c) Break-even Point

d) Profit at an estimated sale of Rs. 1,25,000

e) Sales required to earn a profit of Rs. 20,000.

K5 CO3

4 19

From the following forecasts of income and expenditure, prepare a cash budget for the two months January to April, 2014:

Months	Sales (Credit) Rs.	Purchases (Credit) Rs.	Wages Rs.	Manufacturing Expenses Rs.	Administrative expenses Rs.	Selling expenses Rs.
Nov.	30,000	15,000	3,000	1,150	1,060	500
Dec.	35,000	20,000	3,200	1,225	1,040	550
Jan.	25,000	15,000	2,500	990	1,100	600
Feb.	30,000	20,000	3,000	1,050	1,150	620
Mar.	35,000	22,500	2,400	1,100	1,220	570
Apr.	40,000	25,000	2,600	1,200	1,180	710

Additional information is as follows:

1) The customers are allowed a credit period of 2 months.
2) A dividend of Rs.10,000 is payable in April.
3) Capital expenditure to be incurred: Plant purchased on 15th of January for Rs.5,000; a Building has been purchased on 1st March and the payments are to be made in monthly instalments of Rs.2,000 each.
4) The creditors are allowing a credit of 2 months.
5) Wages are paid on the 1st of the next month.
6) Lag in payment of other expenses is one month.
7) Balance of cash in hand on 1st January, 2014 is Rs.15,000.

K4 CO4

5 20

Following are the summarized Balance Sheets of A Ltd. as on 31st December 2006 and 2007:

Assets	**2016 Rs.**	**2017 Rs.**	**Liabilities**	**2016 Rs.**	**2017 Rs.**
Fixed assets	4,00,000	3,20,000	Share Capital	4,50,000	4,50,000
Investments	50,000	60,000	General Reserve	3,00,000	3,10,000
Stock	2,40,000	2,10,000	Profit & loss a/c	56,000	68,000
Debtors	2,10,000	4,55,000	Creditors	1,68,000	1,34,000
Bank	1,49,000	1,97,000	Provision for Taxation	75,000	10,000
			Loan (Short term)	-	2,70,000
	10,49,000	**12,42,000**		**10,49,000**	**12,42,000**

Additional Information:

1) Investment costing Rs. 8,000 were sold during the year 2017 for Rs. 8,500
2) Provision for taxation made during the year 2017 was Rs.9,000
3) During the year 2007, part of fixed assets having book value of Rs. 10,000 were sold for Rs. 12,000
4) Dividend paid during the year 2017 amounted to Rs. 40,000.

Prepare funds flow statement.

K5 CO5

Z-Z-Z END