

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**BCom DEGREE EXAMINATION MAY 2018
(Third Semester)**

Branch – **COST & MANAGEMENT ACCOUNTING**

ADVANCED COST AND MANAGEMENT ACCOUNTING

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10 x 2 = 20)

- 1 State the meaning of Costing.
- 2 Mention the features of Job costing.
- 3 What is contract costing?
- 4 Differentiate normal loss and abnormal loss.
- 5 Define Budget.
- 6 What is meant by zero base budgeting?
- 7 Define Marginal Costing.
- 8 Mention the formula to calculate margin of safety.
- 9 Define Management Audit.
- 10 What do you mean by transfer pricing?

SECTION - B (25 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5 x 5 = 25)

- 11 a State the nature of ideal costing system.
OR
b Write in brief about batch costing.
- 12 a From the following information calculate total kms and total passenger kms.
No. of buses = 6
Trips by each bus = 4
Capacity of bus = 40 passengers
Days operated in the month = 25
Distance of route 20kms (one way)
Normal passenger traveling 90% of capacity
OR
b The following was the expenditure on a contract for Rs.3,00,000 commenced in March 2016.
Materials Rs.40,000
Wages Rs.25,000
Plant Rs.20,000
Plant depreciation Rs 10%
Cash received on account of December 2016 amounted to Rs.1,40,000 being 70% of the work certified. Business charges Rs.10000. The value of materials in hand at 31-12-2016 Rs.15000. Prepare contract account for 2016 showing the profit to be credited to the years profit & loss a/c.
- 13 a Classify the different types of budgets.
OR
b A Company produces 10000 units in a factory and the cost incurred are as follows:
Fixed cost Rs.100000
Variable Cost Rs.5 per unit
Selling expenses Rs.13 per unit (10% fixed)
Draw up a flexible budget for 6000 units, 8000 units and 10000 units.

14 a

Fixed expenses Rs.150000
 Variable cost per unit Rs.10
 Selling price per unit Rs.15
 Calculate Break Even Point and PV Ratio.

OR

b Calculate Labour Variances.

Standard Labour rate 50 paise per hour
 Standard hour required per unit 50 hours

Actual data

Units Produced 1500
 Standard hours worked 3000
 Actual labour cost 4000

15 a

Write a note on Cost Audit.

OR

b Write a note on gap analysis.

SECTION - C (30 Marks)Answer any **THREE** Questions**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

16

Elucidate the challenges faced by the firms while installation of ideal costing system.

17

A Product passes through 3 distinct processes to completion. These processes are numbered respectively I, II & III, during the week ended 15th March 2017. 1000 units are produced. The following information is obtained.

Particulars	Process I	Process II	Process III
Direct Material	Rs.3000	Rs.1600	Rs.2000
Direct Labour	Rs.2000	Rs.2000	Rs.2000

The Overhead expenses for the period were Rs.18000 apportioned on the basis of Wages. No W-I-P at the beginning or end. Prepare Contract account.

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Prepare Cash Budget for the months of May, June and July 2015 on the basis of the following information.

Months	Credit Sales	Credit Purchases	Office Expenses
March	60000	36000	2000
April	62000	38000	1500
May	65000	33000	2500
June	58000	35000	2000
July	56000	39000	1000
August	60000	34000	1500

Cash balance as on 1st May 2015 Rs.8000

Period of credit allowed by suppliers – 2 months

Period of credit allowed to customers – 1 month

Lag in payment of Office expenses – 1 month

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Total fixed cost Rs.18000 Total Sales Rs.60000

Total Variable cost Rs.30000 Units sold Rs.20000

Find out: a) Contribution per unit b) Break Even Point

c) Margin of Safety d) Profit e) Sales to earn a profit of Rs.24000

20

Differentiate cost control and cost reduction.