

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom DEGREE EXAMINATION MAY 2023
(Third Semester)

Branch – COMMERCE

ADVANCED COST AND MANAGEMENT ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 Cost classification can be done in
(i) Two ways (ii) Three ways (iii) Four ways (iv) Several ways
- 2 Piece workers are paid on the basis of
(i) Output sold (ii) Output produced (iii) Output in stock (iv) None of these
- 3 Abnormal Loss and Gain units are valued at
(i) Market value
(ii) Scrap value
(iii) Realisable value
(iv) Cost per unit of the process just like goods output
- 4 Income Tax paid is
(i) Current Liability (ii) Current Assets
(iii) An application of funds (iv) Sources of funds
- 5 A production budget is based on
(i) Cash Budget (ii) Overhead budget (iii) Sales Budget (iv) None of the above

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 (a) The following information is available in respect of component D.20
- | | | |
|----------------------------|---|-----------------------|
| Maximum stock level | : | 8,400 units |
| Budgeted consumption | : | |
| Maximum | | 1,500 units per month |
| Minimum | | 800 units per month |
| Estimated delivery period: | | |
| Maximum | | 4 months |
| Minimum | | 2 months |
- You are required to calculate:
- a) Reorder level
 - b) Reorder quantity.

OR

- (b) Describe the 'classification of cost'

- 7 (a) Compute machine hour rate
- i. Electric charges Rs.0.75
 - ii. Insurance charges Rs. 0.30
 - iii. Repair charges Rs.550 p.a
 - iv. Machine value Rs. 15,000 - Depreciation 10% p.a.
 - v. Machine will work for 2,000 hours p.a.

OR

Cont...

- 7 (b) A company limited has three production department and four service departments. The expenses of the department as per primary distribution summary appeared as follows:

	Rs.	Rs.
Production departments:		
A	45,000	
B	25,000	
C	<u>20,000</u>	90,000
Service Departments:		
Store	5,000	
Time keeping and accounts	4,000	
Power	2,000	
Canteen	<u>2,000</u>	<u>13,000</u>
Total		<u>1,03,000</u>

The following information is also available in respect of production departments:

	Dept A	Dept B	Dept C
Horse power of machine	600	600	400
Number of workers	40	30	30
Value of store requisitioned	5,000	3,000	2,000

Apportion the cost of various service departments to the productions on the basis of direct redistribution method.

- 8 (a) Pallavan transport Corporation the following fleet of buses within Chennai city.
50 Buses 50 passengers of capacity
80 Buses 40 passengers of capacity
On an average each bus makes 8 trips a day covering distance of 10 kms. in each trip and the average seat occupancy is 80% . On average 10% of the buses are kept from road for maintenance and repairs. Calculate the effective passenger kms for the month of April 2009.

OR

- (b) 50 units are introduced into a process at a cost of Rs.50. The total additional expenditure incurred by the process is Rs.32. Of the units introduced 10% are normally spoiled in the course of manufacture. They possess scrap value of Rs.0.20 each. Owing to an accident only 40 units are produced. Prepare the process accounts.
- 9 (a) The Profit and Loss Account of a company for the year ending 31.03.2018 and 31.03.2019 showed Balance of Rs. 20,000 and Rs. 30,000 respectively. For the year ending 31.03.2019, provision for dividend was made to the extent of Rs. 50,000. Transfer to reserve amounted to Rs. 40,000, depreciation written off was Rs. 25,000, loss on sale of machinery amounting to Rs. 5,000 was debited to profit and loss account, sale of investment resulted in a profit of Rs.3,000 which was taken to Profit and Loss Account, Sale of furniture resulted in a profit of Rs. 3,000 which was also taken to Profit and Loss Account, a commission of Rs. 4,000 received on a non-trading activity was credited to Profit and Loss Account. You are required to calculate funds from operations.

OR

- (b) Find out different labour variances from the following particulars

Standard:

Output	1,000 units
Rate of payment	Rs.6 per unit
Time taken	50 hours

Actual:

Output	1,200 units
Wages paid with bonus	Rs.8,000
Time taken	40 hours

- 10 (a) Kavitha furniture House places before you the following trading results

Year	Units	Total cost Rs	Sales Rs
2018	10,000	80,000	1,00,000
2019	12,000	90,000	1,20,000

Find out the following:

- P/V Ratio
- BEP
- Fixed Cost
- MOS in the year 2019.

OR

- 10 (b) A firm expects to have Rs.50,000 in bank on 1st May 2017 and require you to prepare an estimate of cash position during the 3 months. May-July 2017. The following information is made available.

Month	Sales Rs	Purchase Rs	Wages Rs	Factory expenses Rs	office expenses Rs	Selling expenses Rs
March	60,000	35,000	8,000	6,000	4,000	4,000
April	70,000	40,000	7,000	8,000	4,000	5,000
May	80,000	40,000	9,000	7,000	5,000	4,000
June	90,000	45,000	5,000	3,000	4,000	3,000
July	90,000	40,000	10,000	7,000	4,000	5,000

Other information:

- 20 per cent of sales is for cash; remaining amount is collected in the month following that of sale.
- Suppliers supply goods at 2 months credit
- All expenses are paid in the month following the one in which they are incurred
- Income tax Rs.30,000 is payable in July
- The company pay the dividend Rs.10,000 in the month of May.

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 6 = 30)

- 11 (a) Explain the tools and technics of Management Accounting.

OR

- (b) The accounts of a machine manufacturing company disclose the following information for six month ending 31st Dec. 1993.

	Rs.
Material	1,50,000
Productive wages	1,20,000
Factory overhead expenses	24,000
Establishment and general expenses	17,640

Prepare a cost sheet of the machine and calculate the price which the company should quote for the manufacturing of a machine requiring material valued at Rs.1,250 and expenditure in productive wages of Rs. 750, so that the price may yield a profit of 20% on the selling price.

- 12 (a) A factory is having three production departments A, B and C and two service department, boiler-house and pump-room. The boiler-house has to depend upon the pump-room for supply of water and pump-room in its turn is dependent on the boiler-house for supply of steam power for driving the pump. The expenses incurred by the production department during the period are : A- Rs. 8,00,000; B – Rs.7,00,000; C - Rs. 5,00,000; The expenses for boiler-house are Rs. 2,34,000 and the pump-room are Rs. 3,00,000. The expenses of the boiler-house and pump-room are to be apportioned on the following basic:

	A	B	C	B.H	P.R
Expenses of boiler-house	20%	40%	30%	-	10%
Expenses of pump-room	40%	20%	20%	20%	-

Show clearly as to how the expenses of boiler-house and pump-room would be apportioned to A, B and C departments. Use Repeated Distribution method.

OR

- (b) From the following particulars, calculate earning of a worker under:

- Time rate system
- Piece wages rate
- Halsey plan and
- Rowan plan

Wages rate Rs. 2 per hour

Production per hour – 4 units

Dearness allowance – Re. 1 per hour

Standard time fixed – 80 hours

Actual time taken – 50 hours

Production – 250 units.

- 13 (a) A contractor obtained a contract for Rs.6,00,000. On 1st Jan 2008. The expenses incurred during the ended 31 st Dec. 2008 were as under.

	Rs.
Materials	1,80,000
Wages paid	1,60,000
Wages accrued	10,000
Other expenses	25,000

The plant, specially installed for the contract, worth Rs. 45,000 was returned to the store subject to a depreciation of 20%. Material at site on 31.12.08 were valued at Rs.24,000. The contractor had received Rs. 3,60,000 in each cash upto 31.12.08, representing 80% of the work certified. Work uncertified was estimated at Rs. 4,000.

Prepare the contract account, showing the profit for the year. Also show how the value of work-in-progress would appear in the balance sheet as on 31st Dec.2008.

OR

- (b) A particular brand of scent passed through three important process. During the week ended 15th January 2007, 600 bottles were produced. The cost of books show the following information:

	Process A Rs	Process B Rs	Process C Rs
Material	4,000	2,000	1,500
Labour.	3,000	2,500	2,300
Direct expenses	600	200	500
Cost of bottles	-	2,030	-
Cost of corks	-	--	325

The indirect expenses for the period were Rs. 1,600 (indirect expenses are charged on the labour basis)

The by-product were sold for Rs. 240 (Process B)

The residue was sold for Rs.125 (Process C)

Prepare the account in respect of each of the process, showing its cost and cost of production of finished product per bottle.

- 14 (a) The following are the Balance sheet of Ganesh Ltd as on 31.12.2015 and 31.12.2016.

Balance Sheet

Liabilities	2015 Rs	2016 Rs	Assets	2015 Rs	2016 Rs
Share capital	2,00,000	2,50,000	Building	2,00,000	1,90,000
General reserve	50,000	60,000	Machinery	1,50,000	1,71,000
Profit & Loss	30,500	30,600	Stock	1,00,000	74,000
Bank Loan	70,000		Debtors	80,000	62,200
Creditors	1,50,000	1,35,200	Cash	500	600
Provision for tax	30,000	35,000	Bank		↑ 8,000
			Investment		5,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional information:

- Dividend of Rs.22,000 was paid
- Machinery was purchased for Rs.30,000
- Income Tax paid during the year Rs.33,000

Prepare Cash Flow Statement.

OR

- (b) XYZ company manufacturing a product ABC by mixing three raw materials. For every 100 kg of ABC, 125 kg. of materials are used. In April 1990, there was an output of 5,600 kg. Of output of ABC. The standard and actual particulars of April 1990 are as follows:

Raw Materials	Standard		Actual	
	Mix %	Price per kg Rs	Mix %	Price per kg Rs
Raw Material I	50	40	60	42
Raw Material II	30	20	20	16
Raw Material III	20	10	20	12

Calculate Variances.

- 15 (a) On the basis of the following particulars draw up a flexible budget for overhead expenses and determine the overhead rates at 70% 80% and 90% plant capacity

	Plant Capacity		
	70% Rs	80% Rs	90% Rs
Variable overheads:			
Indirect labour	-	12,000	-
Indirect materials	-	4,000	-
Semi-Variable overheads:			
Power (30% fixed)	-	20,000	-
Repairs (40% fixed)	-	2,000	-
Fixed overheads:			
Depreciation	-	11,000	-
Insurance	-	3,000	-
Salaries	-	10,000	-
Total overheads	-	1,62,000	-
Estimated direct labour hours		1,24,000	

OR

- (b) PV Ratio is 50% and Margin of Safety is 40%

Find out:

- a) BEP Sales
- b) Fixed cost
- c) Net Profit

If sales volume is Rs.5,00,000

Z-Z-Z

END