

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom(CS) DEGREE EXAMINATION MAY 2024
(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	What is the primary purpose of cost accounting? a) Financial reporting b) Cost control c) Marketing d) Human resources	K1	CO1
	2	Which of the following is a variable cost? a) Rent b) Direct labour c) Depreciation d) Insurance	K2	CO1
2	3	Which of the following is considered a variable operating cost? a) Rent for the office space b) Annual insurance premium c) Direct labor for production d) Depreciation on manufacturing equipment	K1	CO2
	4	Which cost classification includes direct materials, direct labor, and manufacturing overhead? a) Variable costs b) Product costs c) Period costs d) Indirect costs	K2	CO2
3	5	What is the definition of abnormal loss in accounting? a) Losses due to normal business operations b) Losses caused by unforeseen events c) Expected losses in production d) Losses incurred intentionally	K1	CO3
	6	What does the term "marginal cost" represent? a) Total cost divided by quantity produced b) Change in total cost divided by change in quantity produced c) Variable cost per unit d) Fixed cost per unit	K2	CO3
4	7	Budgetary control is a: a) Tool for preparing financial statements b) System of financial planning and performance monitoring c) Historical record of financial transactions d) Method for external financial reporting	K1	CO4
	8	What is a fixed budget in the context of cost and management accounting? a) A budget that remains constant regardless of changes in activity levels b) A flexible budget that adjusts to changes in activity levels c) A budget that includes only fixed costs d) A budget used only in manufacturing industries	K2	CO4

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5	9	What does the current ratio measure? a) Profitability of a company b) Liquidity and short-term solvency c) Efficiency of inventory management d) Long-term debt coverage	K1	CO5
	10	The cash flow statement analysis is described in terms of which of the following activities? a) Operating activities b) Financial activities c) Investing activities d) All the above	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 and functions of cost accounting.	K3	CO1
	11.b	(OR) Prepare a Cost Sheet: Raw material consumed Rs. 80,000 Wages Rs. 20,000 Factory Expenses is charged at 100% of Wages. Office Overheads charged at 20% on Factory Cost.		
2	12.a	The following expenditure is incurred for producing water pumps. Materials(200 Units) Rs. 4,500 Labour Rs. 2,500 Indirect Expenses Rs. 1,905 Normal wastage is 5% of the input. One unit of wastage is sold at Rs. 16.50. Prepare Process Account.	K3	CO2
	12.b	(OR) From the following information, calculate kilometres and total passenger kilometers. Number of busses : 8 Days operated in the month : 30 Trips made by each bus : 2 Distance of route : 60 kilometres long(one way) Capacity of bus : 50 passengers Normal passengers travelling: 80% of the capacity.		
3	13.a	A company produces 500 units at a variable cost of \$200 per unit. The price is \$250 per unit and there are fixed expenses of \$12,000 per month. Calculate Break-even point in terms of both units and sales. Also, show the profit at 90% capacity.	K4	CO3
	13.b	(OR) The standard cost card shows the following details relating to the materials needed to produce 1 kg of groundnut oil: 1. Quantity of groundnut oil required: 3 kg 2. Price of groundnut oil: \$2.5/kg Actual production data are given as follows: 1. Production during the month: 1,000 kg 2. Quantity of material used: 3,500 kg 3. Price of groundnut oil: \$3/kg Required: 1. Calculate the material cost variance 2. Calculate the material price variance 3. Material usage variance		

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4	14.a.	Using the following information, prepare a flexible budget for the production of 80% and 100% activity.	K4	CO4	
		Production at 50% Capacity			5,000 Units
		Raw Materials			Rs 80 per unit
		Direct Labor			Rs 50 per unit
		Direct Expenses			Rs 15 per unit
		Factory Expenses			Rs 50,000 (50) (Fixed)
Administration Expenses	Rs 60,000 (Variable)				
		(OR)			
	14.b.	List out the advantages of budgetary control.			
5	15.a.	Explain the procedure of financial statement Analysis.	K4	CO5	
		(OR)			
	15.b.	Distinguish between funds flow and cash flow statements.			

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	Explain the various methods of classification of cost.	K4	CO1		
2	17	Explain the various items appearing in the contract account.	K3	CO2		
3	18	The Standard materials required for producing 100 units is 120kgs. A standard price of 0.50 paise per kg is fixed and 2,40,000 units were produced during the period. Actual materials purchased were 3,00,000 kgs. at a cost of Rs1,65,000. Calculate Material Variance.	K5	CO3		
4	19	Explain in detail the classification of budgets.	K6	CO4		
5	20	From the following information, prepare a comparative Balance Sheet of Deepti Ltd:	K5	CO5		
		Particulars			31.03.2015(Rs)	31.03.2014(Rs)
		Equity Share Capital			50,00,000	50,00,000
		Fixed Assets			72,00,000	60,00,000
		Reserves and Surplus			12,00,000	10,00,000
		Investments			10,00,000	10,00,000
		Long – term Loans			30,00,000	30,00,000
		Current Assets			21,00,000	30,00,000
Current Liabilities	11,00,000	10,00,000				

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