

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2022
(Third Semester)

Branch – COMMERCE (COST AND MANAGEMENT ACCOUNTING)

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 Basic objective of costing accounting is -----
(i) Tax Compliance (ii) Financial Audit
(iii) Cost Ascertainment (iv) Cost Audit
- 2 Process cost is ascertained and recorded in -----
(i) Balance sheet (ii) Profit & Loss A/c
(iii) Separate statement (iv) Separation A/c in ledger
- 3 Zero base budgeting refers to
(i) Short term and long term budgeting
(ii) Performance reporting
(iii) Responsibility accounting
(iv) Justification of every item in the budget afresh
- 4 Under _____ costing, fixed cost is ignored for decision making
(i) Absorption (ii) Marginal Costing
(iii) Semi-variable (iv) Variable
- 5 JIT inventory system is
(i) Job in Time (ii) Just Inventory Time
(iii) Just in Time (iv) Material

SECTION – B

Answer ALL the Questions.

ALL questions carry EQUAL marks (5x3=15 Marks)

- 6 a Describe the Characteristics of an Ideal Costing System.
OR
b Narrate the limitations of job costing.
- 7 a Product A passes through two processes I and II and then to Finished Stock.
From the following data prepare the Process A/c's:

| Particulars | Process I | Process II |
|------------------------|-----------|------------|
| Input | 2,000 | 1,900 |
| Material consumed | 30,000 | 20,000 |
| Wages | 20,000 | 20,000 |
| Overhead | 7,200 | 6,170 |
| Normal Loss | 5% | 10% |
| Scrap Value (per unit) | 2 | 3 |

OR

Cont...

- b Shriman operates a taxi. Compute cost per running k.m. from the following details.

| | |
|--|----------|
| Purchase price of Taxi | 50,000 |
| Insurance per annum | 1,000 |
| Rent of garage per month | 100 |
| Tyres & Tubes per set (A set lasts 16,000 k.m.s) | 4,000 |
| Driver's wage per day of 8 hours | 32 |
| Fuel cost per gallon (A gallon lasts 24 k.m) | |
| (Average distance per day 160 kms) | 12 |
| Repairs per annum | 1,200 |
| Stand and police payments p.a. | 2,600 |
| Interest on bank loan for the taxi p.a. | 4,000 |
| Kms run per annum | 20,000 |
| Life of the taxi (in km) | 1,00,000 |

- 8 a A Firm has a contract to supply 10,000 units of its only product during 2021. The following were budgeted expenses and revenues:

| | |
|------------------------------|-----------------|
| Material | Rs. 15 per unit |
| Wages | Rs. 10 per unit |
| Works expenses (Fixed) | Rs. 40,000 |
| Works expenses (Variable) | Rs. 4 per Unit |
| General expenses (all Fixed) | Rs. 60,000 |

Profit is 20% on sales price.

Prepare the budget for 2021 showing the Cost and Profit.

OR

- b A Limited Company has the following overheads at the production level of 50,000 units:

Works overhead (60% fixed) Rs. 2.50 per unit

Administrative overhead (80% fixed) Rs. 0.40 per unit

Find out the total overheads for a production level of 1,00,000 units.

- 9 a A radio manufacturing company finds that while it costs Rs. 6.25 to make each component X 2730, the same is available in the market at Rs. 4.85 each, with an assurance of continued supply. The breakdown of cost is:

| | |
|-----------------------------------|---------------|
| Materials | Rs. 2.75 each |
| Labour | Rs. 1.75 each |
| Other Variables | Rs. 0.50 each |
| Depreciation and other Fixed Cost | Rs. 1.25 each |

6.25

Should you make or buy?

OR

- b Mixers Ltd. is engaged in producing a standard mix using 60 kgs of chemical X and 40 kgs, of chemical Y. The standard loss of production is 30%. The standard price of X is Rs. 5 per kg. and of Y is Rs, 10 per kg.

The Actual mixture and yield were as follows:

X 80 kgs. @ Rs. 4,50 per kg.

Y 70 kgs. @Rs. 8.00 per kg.

Actual yield 115 kgs.

Calculate material variances.

Cont...