

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

**BCom DEGREE EXAMINATION MAY 2022**  
(Fourth Semester)

Branch – **COMMERCE (PROFESSIONAL ACCOUNTING)**

**COST & MANAGEMENT ACCOUNTING - II**

Time : Three Hours

Maximum : 75 Marks

**SECTION-A (10 Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** marks (10 x 1 = 10)

- 1 Process costing is applied when goods produced are  
(i) Homogeneous (ii) Standardized  
(iii) Not identical (iv) Heterogeneous
- 2 The type of process loss that should not affect the cost of inventory is  
(i) Abnormal loss (ii) Normal loss  
(iii) Seasonal loss (iv) Standard loss
- 3 In contract costing payment of cash to the contractor is made on basis of  
(i) Uncertified work (ii) Certified work  
(iii) Work in progress (iv) Retention money
- 4 The costing method useful for a transport company is  
(i) Operation costing (ii) Operating costing  
(iii) Process costing (iv) Single costing
- 5 Standard cost is  
(i) Historical (ii) Predetermined  
(iii) Expensive (iv) Not very useful
- 6 Cost variance is the difference between  
(i) The standard cost and marginal (ii) The standard cost and budgeted cost  
(iii) The standard cost and the actual cost (iv) Marginal cost and actual cost
- 7 Marginal costing is  
(i) System of cost ascertainment (ii) System of cost allocation  
(iii) Special technique of costing (iv) System of cost analysis
- 8 The relationship between cost- volume –profit makes up the  
(i) Cost structure of an enterprise  
(ii) Volume structure of an enterprise  
(iii) Profit structure of an enterprise  
(iv) organization structure of an enterprise
- 9 The budget that is first step of budgetary system and all other budgets depends on it is \_\_\_\_\_  
(i) Cash Budget (ii) Production budget  
(iii) Sales budget (iv) Master budget
- 10 Budgetary control helps in implementation of  
(i) Standard costing (ii) Marginal costing  
(iii) Ratio analysis (iv) Technical analysis

**Cont...**

**SECTION -B (35 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 7 = 35)

- 11 a Product A passes through three distinct processes. The product is transferred to finished stock after the third process. Prepare the process accounts from the information given below:

	Process I	Process II	Process III
Direct materials	4000	2000	1800
Direct labour	8000	6000	4000
Direct expenses	800	700	600

Total production overheads during the period were Rs. 9,000 they are to be apportioned on the basis of direct wages. There was no opening or closing stock.

OR

- b Explain the methods of treating joint cost in cost accounts.
- 12 a The following was the expenditure on a contract for Rs. 12,00,000 commenced in January.

Material	2,40,000
Wages	3,28,000
Plant	40,000
Overhead	17,200

Cash received on account of the contract up to 31 December was Rs. 4,80,000 being 80% of the work certified. The value of materials in hand was Rs. 20,000 the plant had undergone 20% depreciation.

OR

- b State the merits and demerits of cost plus contract.
- 13 a Calculate sales value variance, sales price variance, volume variance

Product	budget		Actual	
	QTY.	Price p.u	QTY.	Price p.u
A	400	30	500	31
B	200	25	100	24

OR

- b Explain the process of standard costing.
- 14 a From the following information relating to quick standards Ltd., you are required to find out (i) Contribution (ii) Break-even point in units (iii) Margin of safety (iv) Profit.

	Rs.
Total fixed cost	4,500
Total variable cost	7,500
Total sales	15,000
Units sold	5000 units

Also calculate the volume of sales to earn profit of Rs. 6,000.

OR

- b Explain the characteristics of marginal costing.

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**BCom DEGREE EXAMINATION MAY 2022  
(First Semester)**

Branch – **COMMERCE (PROFESSIONAL ACCOUNTING)**

**ACCOUNTANCY - I**

Time: Three Hours

Maximum: 50 Marks

**SECTION-A (5 Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** marks (5 x 1 = 5)

- 1 Business is distinct from the owner. This is called as \_\_\_\_\_ concept.  
 (i) Business entity (ii) Going concern  
 (iii) Money measurement (iv) Cost
- 2 Ledger is a book in which \_\_\_\_\_ accounts are opened.  
 (i) Only real (ii) only real and personal  
 (iii) Only personal (iv) all the real, personal and nominal
- 3 Which inventory pricing method assumes that the goods most recently purchased are sold first?  
 (i) FIFO (ii) LIFO  
 (iii) Simple Average (iv) Weighted Average
- 4 Red Ink Interest method is associated with \_\_\_\_\_.  
 (i) Average Due Date (ii) Current Account  
 (iii) Account Current (iv) Royalty Account
- 5 The relationship between the co-venturers is that of \_\_\_\_\_.  
 (i) Principal and agent (ii) Debtor and creditor  
 (iii) Partners (iv) Consignor and consignee

**SECTION - B (15Marks)**

Answer **ALL** Questions

**ALL** Questions Carry **EQUAL** Marks (5 x 3 = 15)

- 6 a) Describe about convention of Consistency.  
 OR  
 b) State with reasons whether the following are capital or revenue expenditure :  
 i) Freight and cartage on the new machine Rs. 150. Erection charges Rs. 200.  
 ii) Fixtures of the books value of Rs. 1,500 were sold off at Rs. 600 and new fixtures of the value of Rs. 1,000 were acquired, cartage on purchases Rs.5.  
 iii) A sum of Rs. 100 was spent on painting the factory  
 iv) Rs.5,150 spent on repairs before using a second hand purchased recently to put it in usable condition.
7. a) Journalise the following transactions  
 (i) Ram started business with a capital of Rs.10,000  
 (ii) He purchased furniture for cash Rs.4,000  
 (iii) He purchased goods from Mohan on credit Rs.2,000  
 (iv) He paid cash to Mohan Rs.1,000  
 OR  
 b) Pass journal entries to rectify the following errors:  
 i) A cheque of Rs. 750 received for loss of stock by fire had been deposited in the proprietor's private bank account.  
 ii) Bills receivable from Mr. Aar of Rs. 1,000 was posted to the credit of Bills payable account and also credited to the account of Mr. Aar.

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8. a) Explain the basic techniques for Inventory Valuation.

OR

- b) In a business there was a machine of Rs. 90,000 on 1st January 2002. On 30th June, 2002 an additional machine was purchased for Rs. 10,000. On 31st December 2002 part of the machine was sold for Rs. 2,100 which had a cost price of Rs. 2,000 on 1st January, 2002. Prepare machine account after providing depreciation at 10% p.a. on fixed instalment basis.

9. a) A partner has withdrawn the sums of money during the year ending 30th June 2009 :

January 15	Rs. 500	April 5	Rs. 800
February 10	400	May 20	1000
March 12	700	June 18	900

Interest is to be charges at 10% per annum. Find out the average due date. Calculate the interest on drawings.

OR

- b) Narrate the methods of Recoupment of shortworkings..

10. a) Describe Inland and Foreign bills.

OR

- b) On 1st January, 2000. Rohit send 150 sewing machines costing Rs. 30,000 to Anurag to be sold on behalf of the former at 5% commission on Sales. Rohit paid Rs. 1,500 as freight and carriage for sending the machines. Anurag sent the account sales on 31st March, 2000 stating that

- i) 120 sewing machine were sold for Rs. 27,000
- ii) Expenses on inward consignment were : Octroi Rs. 250 ; Carriage Rs. 50, Godown Rent Rs. 2,100 and Advertisement and Other Selling Expenses Rs. 1,500.

Calculate the value of consignment stock on 31st March, 2000.

### SECTION -C (30 Marks)

Answer ALL questions

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

11. a) Explain the objectives of Accounting Standards.

OR

- b) State in each of the following cases whether the expenditure is a "capital expenditure" or "revenue expenditure or deferred revenue expenditure".

- i) Legal expenses incurred to defend a suit for a breach of a contract to supply goods.
- ii) Custom duty paid on imported machinery.
- iii) Heavy expenditure incurred on advertising a new product.
- iv) Amount spent to overhaul a motor truck purchased second hand.
- v) Wages paid to workers for setting up a new machinery
- vi) Wages paid to workers for converting raw material into finished goods.
- vii) Office rent paid in advance for three years.
- viii) Expenditure on development of a product.

12. a) Journalise the following transactions, post them in the Ledger and balance the accounts as on 31st December, 2008.

- Dec.
1. Rajini started business with a capital of Rs. 50,000
  2. He purchased furniture for Rs. 5,000
  3. He bought goods on credit from Vinod for Rs. 8,000
  14. He sold goods to Suresh for Rs. 5,000
  15. He received cash from Suresh Rs. 3,000
  18. He purchased goods for cash Rs. 12,000
  27. He sold goods for cash Rs. 8,000
  28. He paid rent Rs. 1,200
  31. He paid Vinod Rs. 3,000 on a/c.