

20P147

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Name: .....

Reg. No.....

**FIRST SEMESTER M.Com. DEGREE EXAMINATION, NOVEMBER 2020**

(CBCSS-PG)

(Regular/Supplementary/Improvement)

**CC19P MCM1 C05 – ADVANCED MANAGEMENT ACCOUNTING**

(Commerce)

(2019 Admission onwards)

Time: Three Hours

Maximum: 30 Weightage

**Part A**

Answer any *four* questions. Each question carries 2 weightage.

1. Define Management Accounting
2. What do you mean by Residual Income?
3. Explain Balanced Score Card.
4. What do you mean by Systematic Risk?
5. What do you mean by Marginal Costing?
6. Explain Labour Cost Variance.
7. What is Certainty Equivalent?

**(4 x 2 = 8 Weightage)**

**Part B**

Answer any *four* questions. Each question carries 3 weightage.

8. Explain the functions of Management Accounting.
9. Differentiate between ZBB and Traditional Budgeting.
10. Explain the different types of standards.
11. You are requested to help a manager in selecting the best project from three mutually exclusive projects. The net profits of each project are classified as outcome I, II and III which are as follows:

Project	I	II	III
X	50000	65000	80000
Y	70000	60000	75000
Z	90000	80000	55000
Probability	0.2	0.6	0.2

12. Calculate: a) capacity ratio b) efficiency ratio and c) activity ratio from the following:

Budgeted production	-	100 units
Standard hours per unit	-	10
Actual production	-	90 units
Actual hours worked	-	2000

(1)

**Turn Over**

13. Lakeshore industries' EBIT for the financial year 2019 amounted to Rs. 5200 million. The applicable tax rate is 35%. 60% of the company's assets are financed by debt which has an after-tax cost of 3.8% and 40% is financed by equity with a cost of 9.8%. The average capital employed over the period amounted to Rs. 51,000 million. Find EVA.

14. X Ltd is considering to purchase a new machine. The alternatives available for investments are machines A and B each costing Rs75000 and cash inflows are given below:

Year	Machine A	Machine B
	Rs.	Rs.
1	30000	40000
2	30000	30000
3	20000	20000
4	10000	10000
5	50000	10000

The firm has expected a return on capital of 10%. Risk premium rates are 2% and 8% respectively for investments A and B. Which investment should be preferred?

(4 x 3 = 12 Weightage)

**Part C**

Answer any *two* questions. Each question carries 5 weightage.

15. What do you mean by Risk and Uncertainty? Explain the techniques for decision making under Risk and Uncertainty.

16. Explain Standard Costing. What are the advantages of standard costing? Also explain the steps in Standard Costing.

17. Kiran Ltd has prepared the following budget estimates for the year 2018-19

Sales Units	15000
Fixed expenses	Rs. 34000
Sales	Rs.150000
Variable Cost	Rs 6 per unit

Find: (i) P/V ratio

(ii) Break Even Point

(iii) Margin of Safety

(iv) Calculate the revised P/V ratio, Break Even point and Margin of Safety in each of the following cases:

- a) Decrease of 10% in selling price
- b) Decrease of 10% variable cost
- c) Increase of sales volume by 2000 units
- d) Increase of Rs6000 in fixed costs.

18. The standard quantity and standard price of raw material required for one unit of product X are given as follows:

	Std Qty	Std Price
Material A	20Kg	Rs3 per Kg
Material B	40Kg	Rs2 per Kg

The actual production and related data are as follows:

Output: 500 units.

Material	Actual Qty (for 500units)	Total Cost (Rs.)
A	11000Kg	34100
B	18000Kg	39600

Calculate variances:

- (i) Material Cost Variance
- (ii) Material Usage variance
- (iii) Material Price Variance

(2 x 5 = 10 Weightage)

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