

23P145

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Name:

Reg. No:

FIRST SEMESTER M.Com. DEGREE EXAMINATION, NOVEMBER 2023

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19P MCM1 C05 – ADVANCED MANAGEMENT ACCOUNTING

(Commerce)

(2019 Admission onwards)

Time: 3 Hours

Maximum: 30 Weightage

Part-A

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

1. What are the functions of a management accountant?
2. What is residual income?
3. What are Key Performance Indicators?
4. What is systematic risk?
5. Define standard costing.
6. What is efficiency variance?
7. What is cash breakeven point?

(4 × 2 = 8 Weightage)

Part-B

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

8. Explain the skills required of a management accountant.
9. P Ltd. has an EBIT amounting to ₹ 8150 million for the financial year 2019-20. Applicable tax rate is 40%. 75% of the company's assets are financed by debt which has an after tax cost of 5.3 %. While 25% is financed by equity with a cost of 9.5%. The average total capital employed over the period amounted to ₹ 50,000 million. Find EVA.
10. Explain the differences between ZBB and traditional budgeting.
11. There are two projects A and B. Each involves an investment of ₹ 40,000. The expected cash inflows and certainty coefficients are as follows:

Year	Project A		Project B	
	Cash inflows	Certainty coefficient	Cash inflows	Certainty coefficient
1	25,000	0.8	20,000	0.9
2	20,000	0.7	30,000	0.8
3	20,000	0.9	20,000	0.7

Risk free cut off rate is 10%. State which project is better.

(1)

Turn Over

12. Explain the steps involved in the construction of a decision tree.

13. Calculate material mix variance:

	Material	Qty	Rate (₹)
Standard	A	10	2
	B	15	3
Actual	A	8	2.50
	B	17	2.50

14. Prakash creation ltd. Has prepared the following budget estimates for the year 2018-19

Sales units	15,000
Fixed expenses	₹ 34,000
Sales	₹ 1,50,000
Variable cost	₹ 6 per unit

- (i) Find the p/v ratio, breakeven point and margin of safety
- (ii) Calculate the revised p/v ratio, breakeven 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 ₹ 6000 in fixed costs.

(4 × 3 = 12 Weightage)

Part-C

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

15. Define responsibility accounting. Explain the advantages and limitations of responsibility accounting.

16. A company is considering two projects P and Q. These require an equal investment of ₹ 50,000. From the following information, you are required to advise as to which project should be selected.

Year	Project P		Project Q	
	Cash inflows	Probability	Cash inflows	Probability
1	30,000	0.2	65,000	0.4
2	70,000	0.5	70,000	0.4
3	100,000	0.3	75,000	0.2

Assume cost of capital 10%.

(2)

17. Bharath cassette ltd. Had budgeted the following sales for January 2019:

Cassette A	1,100 units @ ₹ 50 per unit
Cassette B	950 units @ ₹ 100 per unit
Cassette C	1,250 units @ ₹ 80 per unit

As against this, the actual sales were:

Cassette A	1,300 units @ ₹ 55 per unit
Cassette B	1000 units @ ₹ 95 per unit
Cassette C	1,200 units @ ₹ 78 per unit

The cost per unit of cassettes A, B and C was ₹ 45, ₹ 85 and ₹ 70 respectively.

Compute the different variances to explain the difference between the budgeted and actual profit.

18. The directors of cochin trading co. ltd., are considering the sales budget for the next budget period. The following information has been made available from the cost records.

	Product A (₹)	Product B (₹)
Direct material	20	25
Direct wages @ ₹ 2per hour	5 hours	7.5 hours
Selling price	60	100

Variable overheads 100% of direct wages.

Fixed overhead ₹10,000 per annum.

You are required to present to the management a statement showing the marginal cost of each product, and to recommend which of the following sales mix should be adopted (a) 450 units of A and 300 units of B, (b) 900 units of A only, (c) 600 units of B only, (d) 600 units of A and 200 units of B.

(2 × 5 = 10 Weightage)

(3)