19P147 (Pages: 3) Name: ………………….

Reg. No………………...

FIRST SEMESTER M.Com. DEGREE EXAMINATION, NOVEMBER 2019

(CUCSS PG)

CC19P MCM1 C05 – ADVANCED MANAGEMENT ACCOUNTING

(Commerce)

(2019 Admission Regular)

Time: Three Hours Maximum: 30 Weightage

Part A

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

1. Define Management accounting, and brief its tools.
2. Describe the concepts of Target Costing and Activity Based Costing.
3. What is Profit Graph? How can it be constructed?
4. The PV ratio of M/s Alpha Ltd is 40% and Margin of safety is 30%. You are required to calculate BEP sales and Net profit if the sales value is ` 1, 50,000.
5. What are the types of risks?
6. What are the uses of Variance Analysis?
7. Compare Residual income and EVA.

(4 x 2 = 8 Weightages)

PART B

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

8. Briefly describe the dimensions of Balanced Score Card.
9. Explain the managerial uses of CVP analysis.
10. Brief out the exclusive features of responsibility accounting.
11. Calculate labour variances for the following two departments:

	Department P	**Department Q**
Actual Direct wages	` 20,000	` 18,000
Standard hours Produces	8,000	6,000
Standard rate per hour	` 3	` 3.50
Actual hours worked	8,200	5,800

12. Product 'A' takes 5 hours to produce on a particular machine and it has a selling price of ` 50 and a marginal cost of ` 35. On the same machine, another product 'B' can made at 2 hours at marginal cost of ` 5 per unit. Supplier's price of product 'B' is ` 10. Assuming

'machine hours' is the key factor, whether product 'B' could be bought out or manufactured?

13. You are given the following information relating to the operating results of Flexy Ltd. for the periods 2018 and 2019

Month	**2018**	**2019**
Sales	1,52,000	2,60,000
Profit	-------	12,000
Loss	9,600	--------

Calculate BEP sales, fixed cost and profit when sales is ` 2, 00,000, sales required to earn a profit of ` 20,000

14. Due to scarcity of fund, Galaxy Ltd. has to choose one best project out of two alternatives available. The available cash outlay is ` 2,00,000. The expected cash inflows and CE coefficient are given below:

Year	Project P		Project Q	
	Cash inflows	CE-Coefficient	Cash inflows	CE-Coefficient
1	120000	0.8	100000	0.9
2	100000	0.7	140000	0.8
3	100000	0.9	100000	0.7

Risk free cut off rate is 10%. As an efficient Finance Manager, support the Galaxy Ltd.

(4 x 3 = 12 Weightages)

PART C

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

15. Explain various methods for making capital budgeting decision under risk and uncertainty with suitable examples.
16. Explain the core concepts and benefits of TQM.
17. Bharath Spares Ltd has a plant of manufacturing auto components with an inbuilt capacity of 50,000 components. Due to home market constraints, presently the company can sell only 20,000 components @ ` 100 in India. Component's cost details are given below:

Material Cost : ` 4,00,000

Labour Cost : ` 3,60,000

Factory OH

Fixed : ` 1,20,000

Variable : ` 2,00,000

Office OH (Fixed) : ` 1,80,000

Selling and distribution OH

Fixed : ` 1,00,000

Variable : ` 1,60,000

An additional export order for supply of 30,000 components is received from a wholesale dealer in USA at 1US dollar (` 72) per component with an agreement to pay in this rate and that future changes in exchange rate is not applicable to this order.

Should this export order be accepted? Illustrate your answer.

18. Volvo Ltd. having an investment proposal that requires and investment outlay is ` 50 lakh. The following additional information are also provided;

Year I- CFAT		
Possible event	Cash inflows (`)	Probability
AX	20 lakh	0.2
AY	25 lakh	0.4
AZ	36 lakh	0.4

Year II- CFAT depends on event in Year I						
Event	AX		AY		AZ	
	Cash flow `	Probability	Cash flow `	Probability	Cash flow `	Probability
1	9 lakh	0.2	28 lakh	0.2	38 lakh	0.3
2	24 lakh	0.3	36 lakh	0.6	42 lakh	0.3
3	36 lakh	0.5	38 lakh	0.2	52 lakh	0.4

You are required to advice the Company by following Decision tree approach. Volvo Ltd.is having a cost of capital 10 per cent.

(2 x 5 = 10 Weightages)

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