

FIRST SEMESTER M.Com. DEGREE EXAMINATION, NOVEMBER 2022

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19P MCM1 C05 - ADVANCED MANAGEMENT ACCOUNTING

(Commerce)

(2019 Admission onwards)

Time : 3 Hours

Maximum : 30 Weightage

Part-AAnswer any **four** questions. Each question carries 2 weightage.

1. What is the nature of management accounting?
2. What is revenue centre?
3. Give any two differences between ABB and traditional budgeting.
4. What is systematic risk?
5. Define standard costing.
6. What is a basic standard?
7. Define marginal costing.

(4 × 2 = 8 Weightage)**Part-B**Answer any **four** questions. Each question carries 3 weightage.

8. Explain the functions of management accounting.
9. What are the advantages and weaknesses of residual income?
10. Write a note on balanced score card?
11. D Ltd. is considering a new project. Two alternative proposals are available (X and Y) each costing Rs. 5,00,000. Cash inflows are expected to be as under:

Year	X	Y
1	180,000	250,000
2	150,000	180,000
3	120,000	150,000
4	100,000	140,000

The company has a target return on capital of 10%. Risk premium rates are 2% and 8% respectively for projects X and Y. State which project is better.

12. A company is considering two projects P and Q. These require an equal investment of Rs. 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%.

13. From the following data, calculate activity ratio, efficiency ratio and capacity ratio. A factory manufactures 2 products A and B. Standard time to manufacture product A is 2 hours and product B is 10 hours. The budgeted and actual production in December 2016 were as follows:

	Budgeted production	Actual production
Product A	125 units	100 units
Product B	30 units	24 units

Total actual hours worked were 660.

14. Calculate:
1. The amount of fixed expenses
 2. The number of units to break even
 3. The number of units to earn a profit of Rs. 40,000

The selling price per unit can be assumed at Rs. 100.

The company sold in two successive periods 7,000 units and 9,000 units and has incurred a loss of Rs. 10,000 and earned a profit of Rs. 10,000 respectively.

(4 × 3 = 12 Weightage)

Part-C

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

15. Explain the various financial and non- financial measures of performance.
16. On the basis of the information given below find out which project is riskier according to coefficient of variation approach:

Year	Project P		Project Q	
	Cash inflows	Probability	Cash inflows	Probability
1	5,000	0.3	2,000	0.2
2	4,000	0.2	3,000	0.3
3	2,000	0.2	4,000	0.4
4	3,000	0.3	4,000	0.1

17. The standard cost card for a product shows as under:

Material cost – 2kg at ₹ 2.50 each per unit ₹ 5

Wages – 2 hours at 50 paise each 1

The actual which have emerged from business operations are as follows:

Production 8,000 units

Material consumed – 16,500 kg at ₹ 2.40 each ₹ 39,600

Wages paid – 18,000 hours at 40 paise per hour ₹ 7,200

Calculate appropriate material and labour variances.

18. From the following data construct a break-even chart:

Sales 17,000 units @ ₹ 10 each, fixed costs ₹30,000, variable cost ₹5 per unit.

(2 × 5 = 10 Weightage)
