

FIRST SEMESTER M.Com. DEGREE EXAMINATION, NOVEMBER 2025

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19PMCM1C05 - 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 are the skills required for a management accountant?
2. Give any two differences between ZBB and traditional budgeting.
3. What is Flexible Manufacturing System?
4. What is default risk?
5. What is sales variance?
6. What is calendar ratio?
7. What is CVP analysis?

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

8. Explain the characteristics and objectives of management accounting.
9. What are the advantages and weaknesses of residual income?
10. ABC Ltd has three divisions- A, B and C. It is considering to make additional investment in one of these divisions. The relevant information is given below: additional investment required in all the three divisions is Rs. 20,00,000 each. Net profit on additional investment is Rs. 280,000 in A, 260,000 in B and Rs. 340,000 in C. Current ROI is 15% in A, 16% in B and 14% in C. the cost of capital is 12%. In which division should the investment be made?
11. Calculate labour variances:

Standard:

Actual:

Output 1,000 units

Output 1,200 units

Rate of payment ₹6 per unit

Wages paid with bonus ₹ 8,000

Time taken 50 hours

Time taken 40 hours

12. On the basis of the information given below find out which project is riskier according to standard deviation approach:

Project P			Project Q	
Year	Cash inflows	Probability	Cash inflows	Probability
1	5,000	0.3	2,000	0.2
2	10,000	0.2	12,000	0.3
3	20,000	0.2	10,000	0.4
4	25,000	0.3	20,000	0.1

13. Dell Ltd. is considering a new machine. Two alternative proposals are available (X and Y) each costing Rs. 75,000. Cash inflows are expected to be as under:

Year	X	Y
1	30,000	40,000
2	30,000	30,000
3	20,000	20,000
4	10,000	10,000
5	5,000	10,000

The company has a target return on capital of 10%. Risk premium rates are 2% and 7% respectively for machines X and Y. State which project is better.

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

(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. A limited company wants to evaluate two mutually exclusive projects X and Y. Each project requires a net investment of Rs. 20,000. The annual cash flows from each of the project is estimated at Rs. 5,000 in the next 10 years. The cost of capital is 10%. The management has done the following optimistic, most likely and pessimistic estimates of the annual cash inflows associated with each of the project.

	Project X	Project Y
Initial investment	Rs. 20,000	Rs. 20,000
Estimated cash inflow p.a:		
Pessimistic	4,000	0
Most likely	5,000	5,000
Optimistic	6,000	10,000

You are required to help the management in arriving at a decision.

(2)

17. The standard cost specification for a product is:

Time	5 hours per unit
Cost	₹ 5 per hour
Production	2,000 units

Hours taken:

Production	10,400 hours
Idle time	<u>400 hours</u>
	<u>10,800 hours</u>

Payment made ₹ 56,160. Compute the various labour variances:

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 @ ₹ 2 per 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)