D 32653   (Pages : 3)   Name..............................

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FIRST SEMESTER M.Com. (CBCSS) [REGULAR/SUPPLEMENTARY] DEGREE EXAMINATION, NOVEMBER 2022

MCM 1C 05—ADVANCED MANAGEMENT ACCOUNTING

(2019 Admission onwards)

Time : Three Hours   Maximum Weightage : 30

Part A

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

1. What is residual income ?

2. What is cost centre ?

3. Explain the limitation of management accounting.

4. What is zero based budgeting ?

5. What is systematic risk ?

6. What is variance ?

7. What is marginal costing ?

$(4 \times 2 = 8$ weightage)

Part B

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

8. A company manufacturers and markets three products X, Y and Z. All the three products are made from the same set of machines. Production is limited by machine capacity. From the data given below, indicate priorities for products X, Y and Z with a view to maximizing profits :

(₹ per unit)

Particulars	Products		
	X	Y	Z
Raw material	11.25	16.25	21.25
Direct labour	2.50	2.50	2.50
Other variable cost	1.50	2.25	3.55
Selling price	25.00	30.00	35.00
Standard machine time required per unit in minutes	39	20	28

Turn over

9. Differentiate between Financial Accounting and Management Accounting.

10. ABC Ltd., and MNO Ltd., sell identical products in identical markets. Their budgeted income statement for the year 2016-17 are as follows :

Particulars	ABC	MNO
Sales	5,00,000	6,00,000
Less : Variable cost	4,00,000	1,80,000
Contribution	1,00,000	4,20,000
Less : Fixed cost	20,000	2,70,000
Budgeted profit	80,000	1,50,000

Calculate :

(a) BEP for each company.

(b) Sales at which each company will earn a profit of ₹ 60,000.

(c) Sales at which both companies will have same profits.

(d) Which company will earn more when (i) heavy demand ; (ii) low demand ?

11. Suppose a company has three projects viz., A, B and C which shows positive NPV. But the company does not have enough money to invest all three projects. So it decides by the management to know which project increases the financial position of the company. Find out NPV with the help of risk adjusted discount rate :

Particulars	Initial investment	1st year	2nd year	3rd year	Risk free rate	Risk premium
Project A	56,000	25,000	10,000	15,000	2	5
Project B	50,000	32,000	12,000	41,000	1.2	4
Project C	85,000	12,000	30,000	53,000	3	7

12. What is decision tree ? Explain the advantages and disadvantages of decision tree.

13. From the following data, calculate variable overhead variances :

	Budgeted	Actual
Variable overhead	₹ 2,50,000	₹ 2,60,000
Output in units	₹ 25,000	₹ 20,000
Working hours	1,25,000	1,10,000

14. Explain various methods of measuring the performance of a company. Discuss the problem in connection with the performance measurement.

(4 × 3 = 12 weightage)

Part C

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

15. Selling price per unit ₹ 10, variable cost per unit ₹ 4, Fixed costs ₹ 35,000. Calculate New B.E.P. in each of the following cases :

    (a) If selling price is reduced by 20 %.

    (b) If variable cost is decreased by 25 %.

    (c) If fixed cost is increased by 20 %.

    (d) If selling price and variable cost are decreased by 20 % and 25 % respectively and fixed cost is increased by 20 %.

16. Calculate all the material cost variances from the following information :

	Standard		Actual	
	Qty	Unit price	Qty	Unit price
Material A	30 kg.	₹ 20	44 kg.	₹ 25
Material B	20 kg.	₹ 10	66 kg.	₹ 5
Output	45 kg.		90 kg.	

17. Briefly explain the steps involved in the installation of standard costing.

18. Project P and Q are analysed and you have determined the following parameters. Advise the investor on the choice of a project :

Particulars	Project P	Project Q
Investment	₹ 7 Cr.	₹ 5 Cr.
Project life	8 years	10 years
Constriction period	3 years	3 years
Cost of capital	15 %	18 %
N.P.V. @ 12 %	₹ 3,700	₹ 4,565
N.P.V. @ 18 %	₹ 325	₹ 325
Rate of return	45 %	32 %
Payback	18 %	25 %
B.E.P.	4 years	6 years
Profitability index	45 %	30 %
	1.76	1.35

(2 × 5 = 10 weightage)