D 52760 **(Pages : 4)** **Name.....**

Reg. No.....

FIRST SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, NOVEMBER 2023

(CBCSS)

Master of Commerce

MCM 1C 05—ADVANCED MANAGEMENT ACCOUNTING

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Section A

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

1. What are the characteristics of management accounting ?
2. What are the features of responsibility accounting ?
3. What are the advantages of zero based budgeting ?
4. How risk-adjusted discount rate is used for decision-making ?
5. Which are the different types of market risks ?
6. What are the features of standard costing ?
7. Which are the steps involved in standard costing ?

(4 × 2 = 8 weightage)

Section B

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

8. What are the limitations of management accounting ?
9. Bring out the strategic role of management accountant.
10. Explain the concept of Economic Value Added.
11. Which are the steps in performance budgeting process ?

Turn over

12. From the following details relating to a project, analyse the sensitivity of the project to changes in initial project cost, annual cash inflow and cost of capital : Initial Project Cost (Rs.) 1,20,000, Annual Cash Inflow (Rs.) 45,000, Project Life (Years) 4, Cost of Capital 10 %.

    To which of these three factors, for a 10 % adverse variation, the project is most sensitive ? (Use annuity factors : for 10 % 3.169 and 11 %... 3.109).

13. The standard labour complement and the actual labour complement engaged in a week for a job are as under :

	Skilled workers	Semi Skilled workers	Unskilled workers
Standard no. of workers in the gang	32	12	6
Standard wage rate per hour (Rs.)	3	2	1
Actual no. of workers employed in the gang during the week	28	18	4
Actual wage rate per hour (Rs.)	4	3	2

During the 40 hour working week the gang produced 1,800 standard labour hours of work. Calculate 1) Labour efficiency Variance ; and 2) Mix Variance

14. In a factory producing two different kinds of articles, the limiting factor is the availability of labour. From the following information, show which product is more profitable :

	Product A Cost per unit (₹)	Product B Cost per unit (₹)
Materials	5.00	5.00
Labour :		
6 Hours @ ₹ 0.50	3.00	
3 Hours @ ₹ 0.50		1.50
Overhead :		
Fixed (50 % of labour)	1.50	0.75
Variable	1.50	1.50
Total Cost	11.00	8.75

	Poduct A Cost per unit	Product B Cost per unit
	(₹)	(₹)
Selling Price	14.00	11.00
Profit	3.00	2.25
Total Production for the month (Units)	500	600

Maximum capacity per month is 4,800 hours.

(4 × 3 = 12 weightage)

Section C

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

15. Explain the traditional techniques of performance measurement

16. A company is considering two mutually exclusive projects X and Y. Project X costs Rs. 3,00,000 and Project Y Rs. 3,60,000. You have been given below the net present value, probability distribution for each project

Project X		Project Y	
NPV Estimate (₹)	Probability	NPV Estimate (₹)	Probability
30,000	0.1	30,000	0.2
60,000	0.4	60,000	0.3
1,20,000	0.4	1,20,000	0.3
1,50,000	0.1	1,50,000	0.2

(i) Compute the expected net present value of Projects X and Y.

(ii) Compute the risk attached to each project i.e., Standard Deviation of each probability distribution.

(iii) Which project do you consider more risky and why ?

Turn over

17. Calculate overhead Variances from the following data :

Item	Budget	Actual
No .of working days	20	22
Output per man hour	1.0 units	0.9 units
Overhead Cost (Rs.)	1,60,000	1,68,000
Man-hours per day	8,000	8,400

18. Pankaj Ltd., engaged in the manufacture of the two products 'A' and 'B' gives you the following information :

	Product A Rs.	Product B Rs.
Selling price per unit	60	100
Direct materials per unit	20	25
Direct wages per unit @ 0.50 per hour	10	15
Variable overhead	100 % of direct wages	
Fixed overhead	Rs. 10,000 p.a	
Maximum capacity	1,000 units	

Show the contribution of each of the products A and B and recommend which of the following sales mix should be adopted :

(a) 300 units of product A and 600 units of product B ;

(b) 450 units of product A and 450 units of product B ;

(c) 600 units of product A and 300 units of product B.

(2 × 5 = 10 weightage)