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Name.....

Reg. No.....

**FIRST SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY)
EXAMINATION, NOVEMBER 2021**

[November 2020 session for SDE/Private Students]

(CBCSS)

M.Com.

MCM 1C 05—ADVANCED MANAGEMENT ACCOUNTING

(2019 Admission onwards)

{Covid instructions are not applicable for PVT/SDE students (November 2020 session)}

Time : Three Hours

Maximum : 30 Weightage

General Instructions

1. *In cases where choices are provided, students can attend **all** questions in each section.*
2. *The minimum number of questions to be attended from the Section / Part shall remain the same.*
3. *The instruction if any, to attend a minimum number of questions from each sub section / sub part / sub division may be ignored.*
4. *There will be an overall ceiling for each Section / Part that is equivalent to the maximum weightage of the Section / Part.*

Part A

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

1. What is total quality management ?
2. What is Balance Score Card ?
3. What is simulation ?
4. What is labour efficiency variance ?
5. What is standard cost ?
6. What is responsibility accounting ?
7. What is bogey standard ?

(4 × 2 = 8 weightage)

Turn over

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Part B

Answer any four questions.

Each question carries 3 weightage.

8. G Ltd. Produces and sells 95,000 units of 'X' in a year at its 80 % production capacity. The selling price of product is ₹. 8 per unit. The variable cost is 75 % of sales price per unit. The fixed cost is ₹. 3,50,000. The company is continuously incurring losses and management plans to shut down the plant. The fixed cost is expected to be reduced to ₹. 1,30,000. Additional costs of plant shut down are expected at ₹. 15,000.

Should the plant be shut down ? What is the capacity level of production of shut down point ?

9. Explain the skills required for a management accountant ?
10. A company has a contribution/sales ratio of 40 %. It maintains a margin of safety of 20%. If its annual fixed cost amount to ₹. 24 lakhs, calculate its (i) Break-Even sales ; (ii) Margin of safety; (iii) Total sales ; (iv) Total variable costs ; and (v) Profit.
11. You are given the following information regarding two proposals X and Y :

	Project X	Project Y
Estimated cost	25,000	25,000
Expected cash inflows-(before depreciation and tax)		
1 st year end		
2 nd year end	15,000	3,000
3 rd year end	10,000	7,000
	5,000	20,000

Examine which project is preferable under NPV criterion.

Rate of discount is 8 %

P.V. factor at 8 % : 0.926, 0.857, 0.794

12. Difference between traditional budget and performance budget ?

13. The expenses for the production of 500 units in a factory are given as follows :

	Per Unit
Material	... 80
Labour	... 60
Variable overhead (factory)	... 15
Fixed factory overhead (5,000)	... 10
Administrative expenses (20 % variable)	... 10
Selling and distribution expenses (50 % fixed)	... 10
Total per unit cost	... <u>185</u>

You are required to prepare a budget for 600 unit also.

14. Briefly explain different types of financial risk ?

(4 × 3 = 12 weightage)

Part C

Answer any **two** questions.

Each question carries 5 weightage.

15. Thushar Ltd. Provides you the following information.

Fixed Expenses ₹. 4,000, Break-Even Point ₹. 10,000

You are required to calculate :

- (a) P/V Ratio ;
- (b) Profit when sales are ₹.20,000 ;
- (c) Sales to earn profit of ₹.6,000 ;
- (d) New Break-Even point if selling price is reduced by 20 % ; and
- (e) New Break Even Point if variable cost is increased by 25 %.

Turn over

16. 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
Construction 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

17. From the following records of Bonuscrew Ltd., you are required to compute the material and labour variance :

1 tonne of material input yields a standard output of 1 Lakh units.

Number of employees is 200

The standard wage rate per employee per day is ₹. 6.

Standard price of material is ₹. 20 per kg

Actual quantity of material issued by production department 10 tonnes.

Actual price of material is ₹. 21 per kg.

Actual output is 9 lakh units.

Actual wage rate per day is ₹. 6.50

Standard daily output per employee is 100 units.

Total number of day worked is 50

Idle time paid for and included above is $\frac{1}{2}$ day.

18. Discuss the application of marginal costing technique ?

(2 × 5 = 10 weightage)