ST MARY'S COLLEGE (AUTONOMOUS), THRISSUR-20

I SEMESTER M.Com (CBCSS-PG) DEGREE EXAMINATION, November 2024
MCM1C05 : Advanced Management Accounting
2024 Admission Onwards

Time:3 Hours   **Maximum Weightage:30**

Part A

*Short answer type questions: Answer **any four** questions. Weightage **2** for each question*

1. What is meant by investigation of variances? [BTL3]

2. What are the skills required by a Management Accountant? [BTL2]

3. Write a note on Just In time technique. [BTL2]

4. What are the analytical tools included under management accounting? [BTL2]

5. Explain shut down decision. [BTL2]

6. Discuss the conditions required for the successful application of standard costing systems. [BTL3]

7. Analyse the design of the balanced scorecard system. Explain its importance. [BTL4]

(4x2 = 8 Weightage)

Part B

*Short essay-type questions: Answer **any four** questions. Weightage **3** for each question*

8. Define Key Performance Indicators. Discuss the importance of Key Performance Indicators. [BTL1]

9. "Certainty Equivalent method is superior than Risk Adjusted Discount Rate"- justify. [BTL2]

10. Alpha Ltd intends to make a choice between two mutually exclusive project X and Y, the operating details of which are as given below: [BTL4]

Details of projects	Project X (in Rs.)	Project Y (in Rs.)
Initial cash outlay	26,000	26,000
Cash flow estimates per annum		
Pessimistic	3,900	1,200
Most Likely	5,200	5,200
Optimistic	6,500	10,400
Required Rate of Return	9%	9%
Economic Life of Project (years)	12	12

Turn Over

You are required to give your valued suggestion to the management for decision making purposes by keeping in mind that the management has to make a choice on the basis of optimistic, most likely, pessimistic estimate as given above.

11. Explain the return on investment with its uses and limitations. [BTL1]

12. Product A can be produced either by Machine X or Machine Y, [BTL4] Machine X can produce 200 units of A per hour and Machine Y 250 units per hour. Total machine hours available during the year are 3,000. Taking into account the following data, determine the profitable method of manufacture.

	Per unit of A	
	Machine X Rs.	Machine Y Rs.
Marginal Cost	6	7
Selling Price	15	15
Fixed Cost	3	3

13. Write a note on different types of risks. [BTL2]

14. From the following data calculate: [BTL3]
    i)P/V Ratio
    ii) Profit when sales are Rs.2,00,000
    iii) New BEP if selling price is reduced by 20%

    Fixed Expenses Rs.40,000
    Break-Even point 1,00,000

(4x3 = 12 Weightage)

Part C

*Essay-type questions: Answer **any two** questions. Weightage **5** for each question*

15. Calculate the overhead variances from the following [BTL3]

Item	Actual	Budgeted
Number of working days	22	20
Output per man hour in units	0.9	1.0
Overhead cost (Rs.)	1,68,000	1,60,000
Man hours per day	8400	8000

16. M/s Scorpio steels is planning to acquire a new machine that requires [BTL5] an initial cash outlay of Rs. 14,950. The machine has a useful economic life of two years without any salvage value thereafter. The cash flows and their related probabilities for the two years are as given as follows:

Year 1	Event	Cash Flow	Probability
	X	5,720	0.3
	Y	7,670	0.4
	Z	10,530	0.3

In the second year the cash flow, corresponding to the events X, Y and Z have the following possible probable occurrence:

	Event	Cash Flow	Prob	Event	Cash Flow	Prob	Event	Cash Flow	Prob
Year 2	X_1	2,860	0.2	Y_1	8,320	0.1	Z_1	9,750	0.25
	X_2	7,020	0.6	Y_2	9,360	0.8	Z_2	11,700	0.5
	X_3	9,880	0.2	Y_3	9,750	0.1	Z_3	13,000	0.25

Given that the required rate of return is 10%, suggest the acceptability of this project by applying the technique of decision tree analysis.

17. Describe the role of management accounting in a modern complex business enterprise. [BTL2]

18. The cost per units of three products X,Y& Z of a company are given below: [BTL5]

	Product		
	X (in Rs.)	Y (in Rs.)	Z (in Rs.)
Direct Material	22	18	20
Direct Labour	14	16	14
Variable Overhead	7	9	8
Fixed Expenses	7	7	3
Total Cost	50	50	45
Profit	22	15	9
Selling Price	72	65	54
Number of Units Produced	15,000	8,000	10,000

Production arrangements are such that if one product is given up the production of the others can be raised by 50%. The directors propose that Z should be given up because the contribution from that product is lowest. Do you agree?

(2x5 = 10 Weightage)

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