MCOSC-3.1A/C

Sl. No.

III Semester M.Com. Degree Examination, May/June - 2026

COMMERCE

Advanced Management Accounting

(CBCS SLM Semester Scheme)

Time : 3 Hours **Maximum Marks : 80**

SECTION - A

Answer any Four questions. Each question carries Five marks. (4×5=20)

1. Discuss the advantages and limitations of trend analysis.
2. Explain in brief the significance of cash flow statements in business decision - making.
3. State the objectives of social accounting.
4. Differentiate between the various types of responsibility centers.
5. List out the primary corporate objectives of a management audit.
6. Discuss the features and objectives of transfer pricing.

SECTION - B

Answer any Three questions. Each question carries Ten marks. (3×10=30)

7. Critically discuss the fundamental principles of managerial reporting.
8. Evaluate the statement "in the era of AI and real - time data analytics, the traditional functions of management accounting are becoming obsolete".
9. Explain the concepts of social accounting. Discuss its relevance in corporate financial reporting.
10. Vega Appliances Ltd. has two divisions - R and D manufacturing. The output of the R and D division is transferred to the Manufacturing division for further processing before being sold as a finished product. Consider the following data :
    a) Total output = 120 units; selling price of finished product = Rs. 2,500 per unit.
    b) R and D division : variable cost = Rs. 300 per unit; fixed cost = Rs. 18,000.
    c) Manufacturing division : variable cost = Rs. 320 per unit; fixed cost = Rs. 12,000.
    d) The full cost per unit of the R and D division (variable cost + allocated fixed) = Rs. 450 per unit.
    e) R and D decides to charge transfers at "cost plus 150%" (assume "cost" = R and D full cost per unit).

    Required : Compute Vega Appliances Ltd.'s overall profit and the profits of the R and D and Manufacturing divisions under this transfer pricing policy.

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11. The expenses for production of 10,000 units in a factory are furnished below :

Particulars	**Per Unit (Rs.)**
Materials	70
Labour	25
Variable overhead	20
Fixed overhead	1,00,000
Direct variable expenses	5
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed)	7

Prepare a budget for production of 10,000 units, 8,000 units and 6,000 units at each level of production.

SECTION - C

Answer any Two questions. Each question carries Fifteen marks. (2×15=30)

12. Discuss the effectiveness of responsibility accounting in measuring the performance of different departments and the alignment of the organization's overall strategy with departmental goals.

13. Differentiate between management accounting, cost accounting and financial accounting.

14. Consider the following information :

Balance Sheet of Mona Ltd. as at 31.3.2025

Particular	**Rs.**	**Particular**	**Rs.**
Equity shares of Rs. 10 each	20,00,000	PPE	40,00,000
10% preference shares. of Rs. 100 each	8,00,000	Investments	4,00,000
Retained earnings	14,00,000	Closing inventory	4,00,000
15% secured debentures	10,00,000	Trade debtors	9,20,000
Sundry Trade payables	4,80,000	Bills Receivable	1,20,000
Bank Overdraft	3,20,000	Cash at bank	1,20,000
		Preliminary expenses	40,000
Total	**60,00,000**	**Total**	**60,00,000**

Profit and Loss Account is as under for the year ending on 31.3.2025

Particulars	**Amount (in Rs.)**
Sales (25% cash sales)	1,60,00,000
Less : Cost of goods sold	1,12,00,000
Gross profit	48,00,000
Net profit (Before interest and tax)	18,00,000

Tax rate is 50%

From the above you are required to calculate the following ratios :

a) Rate of Return on capital employed
b) Proprietary Ratio
c) Debt - Equity Ratio
d) Capital gearing Ratio

e) Debtors velocity (365 days of the year)
f) Rate of Return on shareholder's Funds
g) Rate of Return on Equity shareholders fund
h) Current ratio
i) Quick ratio
j) Assets turnover ratio.

15. Use the following data of XYZ Ltd. to construct a statement of cash flows Under indirect method :

	(Amount in Rs.)	
Particulars	**2025**	**2024**
Cash	4,000	14,000
Accounts Receivable	25,000	32,500
Prepaid Insurance	5,000	7,000
Inventory	37,000	34,000
Fixed Assets	3,16,000	2,70,000
Accumulated depreciation	(45,000)	(30,000)
Total Assets	**3,42,000**	**3,27,500**
Accounts payable	18,000	16,000
Wages Payable	4,000	7,000
Debentures	1,73,000	1,60,000
Equity shares	88,000	84,000
Retained Earnings	59,000	60,500
Total Liabilities and Equity	**3,42,000**	**3,27,500**

Particulars	**2025**
Sales	2,00,000
Cost of Goods Sold	(1,23,000)
Depreciation	(15,000)
Insurance Expense	(11,000)
Wages	(50,000)
Net profit	1,000

During the financial year 2025 company XYZ Ltd. declared and paid dividend of Rs. 2,500. During 2022, XYZ Ltd. Paid Rs. 46,000 in cash to acquire new fixed assets. The accounts payable was used only for inventory. No debt was repaid during 2022.