MCOSC-3.1A/C

Sl. No.

III Semester M.Com. Degree Examination, October/November - 2025

COMMERCE

Advanced Management Accounting

(CBCS SLM Semester Scheme)

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

SECTION - A

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

1. State the need for management accounting in the modern business environment.
2. List out the primary corporate objectives.
3. What is the importance of budgetary control in cost management?
4. Explain the general rules for determining transfer prices.
5. State the process for the appointment of a management auditor and outline their duties.
6. Write a short note on the role of social accounting in sustainable development.

SECTION - B

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

7. Critically evaluate the contribution of responsibility accounting to effective management control.
8. Critically discuss the role of cash flow analysis in liquidity management.
9. What is transfer pricing? Explain the various methods of transfer pricing.
10. Following are the balance sheets of Alpha Ltd., as at March 31, 2024 and 2025. You are required to prepare Comparative Balance Sheet.

Particulars		**31.03.2024 (Rs.)**	**31.03.2025 (Rs.)**
I.	**Equity and Liabilities**		
1.	Shareholder's fund		
	a. Share Capital	2,00,000	4,00,000
	b. Reserve and Surplus	1,00,000	1,50,000
2.	Non-Current Liabilities		
	a. Long-term borrowings	2,00,000	3,00,000
3.	Current Liabilities		
	a. Short-term borrowings	50,000	70,000
	b. Trade payables	30,000	60,000
	c. Other current liabilities	20,000	10,000
	d. Short-term provisions	20,000	30,000
	Total	**6,20,000**	**10,20,000**

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II. Assets

1.	Non-Current Assets		
	a. Fixed assets	2,00,000	5,00,000
	b. Non-current investments	1,00,000	1,25,000
2.	Current Assets		
	a. Current investments	60,000	80,000
	b. Inventories	1,35,000	1,55,000
	c. Trade receivables	60,000	90,000
	d. Cash and cash equivalents	25,000	10,000
	e. Short-term loans and advances	40,000	60,000
	Total	**6,20,000**	**10,20,000**

11. A company prepares flexible budget on the basis of the following information for the year 2024-25.

Particulars	**Amount in (Rs.)**
Direct material	60,000
Direct labour	40,000
Direct expenses	20,000
Machine expenses	10,000
Motive power	10,000
Factory overhead (80% fixed)	8,000
Office overhead (60% fixed)	12,000
Selling overhead (50% fixed)	4,000
Sales (selling price being Rs. 200 per unit)	2,00,000

During the year all the units produced were sold and the factory was working at 60% capacity. The flexible budget is to be prepared with the capacity of 75% and price of direct materials will rise by 20%, and wages will increase by 10%.

SECTION - C

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

12. Discuss the interrelationship between different types of management reports and their collective impact on organisational performance monitoring.

13. Explain the similarities and the differences between cash flow and fund flow statement.

14. The following is the Balance Sheet of Prashant Ltd., as at 31-03-2025.

Balance Sheet of Prashant Ltd.

As at 31st March 2025

Liabilities and Equity	Amount (Rs.)	Assets	Amount (Rs.)
Share capital:		Fixed Assets (Less:	
Equity shares of Rs. 10 each	4,00,000	Depreciation)	6,10,000
1,000, 12% Preference shares		**Current Assets:**	
of Rs. 100 each	1,00,000	Stock in trade- 1,60,000	
Reserves and Surplus	1,00,000	Sundry debtors- 1,20,000	
12% Debentures	2,00,000	Bills receivables- 25,000	
Current Liabilities:		Cash in hand and bank-	
Creditors - 1,20,000		35,000	3,40,000
Bank overdraft - 30,000	1,50,000		
Total	**9,50,000**	**Total**	**9,50,000**

Statement of Profit or Loss for the year ended 31st March 2025

Particulars	Amount (Rs.)
Net sales (Credit)	7,30,000
Less: Cost of Goods sold	6,20,500
Gross profit	1,09,500
Less: Operating Expenses:	
Administrative expenses - 18,250	
Selling and distribution expenses 36,500	54,750
Operating profit (Before Tax)	54,750
Less: Income Tax paid	25,550
Earnings After Tax (EAT)	29,200

From the given information, you are required to compute the following ratios:

a) Current Ratio

b) Liquidity Ratio

c) Gross Profit Ratio

d) Debtor's Turnover Ratio

e) Net Profit Ratio

f) Capital Gearing Ratio

g) Proprietary Ratio

h) Debt Equity Ratio

15. From the following Balance Sheet of XYZ Ltd., prepare Funds Flow Statement.

Liabilities	**(Rs. 000's)**		**Assets**	**(Rs. 000's)**	
	2024	**2025**		**2024**	**2025**
Equity Share Capital	300	400	Good Will	115	90
Preference Shares	150	100	Land and Building	200	170
General Reserve	40	70	Plant and Machinery	80	200
Profit and Loss A/c	30	48	Debtors	160	200
Proposed dividend	42	50	Stock	77	109
Creditors	55	83	Bills Receivable	20	30
Bills Payable	20	16	Cash in Hand	15	10
Provision for Taxation	40	50	Cash at Bank	10	8
Total	**677**	**817**	**Total**	**677**	**817**

Additional Information:

a) Dividend provision made during 2024 has been paid during 2025.

b) Depreciation: Rs. 10,000 on plant and machinery.
Rs. 20,000 on land and building.

c) An interim dividend of Rs. 20,000 has been paid in 2025.

d) Income tax Rs. 35,000 has been paid during 2025.
