D 131250 **(Pages : 4)** **Name.....................................**

Reg. No.................................

FIRST SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, NOVEMBER 2025

(CBCSS)

Master of Commerce

MCM 1C05—ADVANCED MANAGEMENT ACCOUNTING

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Answers should be written in English only.

Section A

Answer any **four** *questions.*

Each question carries 2 *weightage.*

1. What is the significance of management accounting ?
2. What is responsibility accounting ?
3. Which are the descriptive tools of management accounting ?
4. What are balanced score cards ?
5. What are the advantages of certainty equivalent method ?
6. What are optimistic and pessimistic estimates ?
7. What are the different types of sales variances ?

($4 \times 2 = 8$ weightage)

Section B

Answer any **four** *questions.*

Each question carries 3 *weightage.*

8. Which are the types of standards ?
9. What are the characteristics of a good KPI ?
10. Explain the analytical tools of management accounting.

Turn over

11. What are the skills required for management accountants ?

12. Division A and B are both considering an outlay on new investment projects.

	Division A Rs.	*Division* B Rs.
Investment outlay	1,00,000	1,00,000
Net return on the new investment	16,000	11,000
Current ROI	18 %	11 %

The company's cost of capital is 13 %. Should the project be accepted or rejected ? Evaluate using ROI and Residual Income

13. Budgeted hours for month of March, 2012 180 Hrs, Standard rate of article produced per hour 50 Units. Budgeted fixed overheads Rs. 2,700. Actual production March, 2012 9,200 Units. Actual hours for production 175 Hrs. Actual fixed overheads Rs. 2,800. Calculate overhead cost, budgeted variances.

14. A mobile manufacturing company finds that while it costs Rs. 6.25 each to make a component X - 2370, the same is available in the market at Rs. 5.75 with an assurance of continued supply. The break-down of cost is :

Direct materials	Rs. 2.75 each
Direct labour	Rs. 1.75 each
Other variables	Rs. 0.50 each
Depreciation and other fixed cost	Rs. 1.25 each
Total	Rs. 6.25 each

(a) Should you make or buy ?

(b) What would be your decision if the supplier offers the component at Rs. 4.85 each ?

(4 × 3 = 12 weightage)

Section C

Answer any **two** *questions.*

Each question carries 5 weightage.

15. Explain the nature and types of business risks.

16. The Textile Manufacturing Company Ltd., is considering one of two mutually exclusive proposals, Projects M and N, which require cash outlays of Rs. 8,50,000 and Rs. 8,25,000 respectively. The certainty-equivalent approach is used in incorporating risk in capital budgeting decisions. The current yield on government bonds is 6 % and this is used as the risk free rate. The expected net cash flows and their certainty equivalents are as follows :

	Project M		*Project* N	
Year-end	*Cash Flow* (Rs.)	*C.E.*	*Cash Flow* (Rs.)	*C.E.*
1	4,50,000	0.8	4,50,000	0.9
2	5,00,000	0.7	4,50,000	0.8
3	5,00,000	0.5	5,00,000	0.7

Present value factors of Rs. 1 discounted at 6 % at the end of year 1, 2 and 3 are 0.943,0.890 and 0.840 respectively. Which one of the project should be accepted ?

17. SV Ltd., manufactures BXE by mixing 3 raw materials. For every batch of 100 kg. of BXE, 125 kg. of raw materials are used. In April 2021, 60 batches were prepared to produce an output of 5600 kg of BXE. The standard and actual particulars for April, 2021 are as under :

Raw material	*Standard* Mix %	*Price per* kg. (Rs)	*Actual* Mix %	*Price per* kg (Rs.)	*Quantity of raw materials purchased* (*Unit*)
A	50	20	60	21	5,000
B	30	10	20	8	2,000
C	20	5	20	6	1,000

Calculate material variances.

18. Present the following information to show to management : (i) The marginal product cost and the contribution p.u. ; and (ii) The total contribution and profits resulting from each of the following sales mix results.

Particulars	*Product*	*Per unit* Rs.
Direct Materials	A	10
Direct Materials	B	9
Direct wages	A	3
Direct wages	B	2

Fixed Expenses - Rs. 800.

(Variable expenses are allotted to products at 100 % Direct Wages)

Sales Price A Rs. 20, Sales Price B Rs.15

Sales Mixtures :

(a) 100 units of Product A and 200 of B.

(b) 150 units of Product A and 150 of B.

(c) 200 units of Product A and 100 of B.

(2 × 5 = 10 weightage)