

**A1004**

Name.....

Register No.....

**NAIPUNNYA INSTITUTE OF MANAGEMENT AND INFORMATION  
TECHNOLOGY (AUTONOMOUS)**

**FIRST SEMESTER END SEMESTER EXAMINATION NOVEMBER 2025**

**MASTER OF COMMERCE**

**MCM1C05 - ADVANCED MANAGEMENT ACCOUNTING**

Time:Three Hours

Maximum:30 Weightage

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**Section A**

Answer any four questions not exceeding 100 words  
Each question carries 2 weightage

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|---|-----|
| 1. What is Business Risk?   | CO3 |
| 2. Define Social Cost Benefit analysis.   | CO2 |
| 3. Define standard costing.   | CO4 |
| 4. Equity cost of capital 14%, Cost of debt 9%, Market weights show 65% debt and 35% equity. Calculate WACC | CO2 |
| 5. Describe the term shut down point.   | CO5 |
| 6. Explain the term P/V ratio.  | CO5 |
| 7. What are the predictive tools of Management Accounting?  | CO1 |

**Section B**

Answer any four questions not exceeding 300 words  
Each question carries 3 weightage

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|---|-----|
| 8. Distinguish between systematic risk and unsystematic risk.   | CO3 |
| 9. The selling price of a product was Rs.200 per unit as against variable cost of Rs.100 per unit. The total fixed cost were rs.2,00,000. Calculate the effect of a reduction in selling price by Rs.40 on P/V ratio, break-even point and margin of safety, if 4,000 units were produced and sold. | CO5 |
| 10. "Management accounting is accounting for effective management"- Explain   | CO1 |
| 11. Represent the following data on simple break-even chart, and show the: (a) Break-even point (b) Margin of safety (c) Profit Fixed cost Rs.9,000 Variable cost Rs.15,000 Total sales Rs.30,000 Units sold Rs.10,000  | CO5 |
| 12. Distinguish between standard costing and budgetary control.   | CO4 |
| 13. What are the basic TQM process improvement tools?   | CO2 |

Turn Over

14. From the following, calculate variable overhead cost and efficiency variances.

Standard hours allowed : 3 hours Standard rate allowed : Rs.4 per labour hour Actual  
production : 120 units Actual labour hour : 340 hours  
Actual overhead incurred : Rs.1,120.

CO4

### Section C

Answer any two questions not exceeding 800 words  
Each question carries 5 weightage

15. Discuss the nature and scope of management accounting.

CO1

16. Mr. Arun is considering two mutually exclusive projects X and Y. From the following information you are required to calculate NPV assuming 10% rate of return and suggest which project is to be selected? Project X (Rs.) Project Y (Rs.) Initial Cash outlay 65,000 65,000 Cash inflow estimate (for 5 years): Year 1 15,000 10,000 2 20,000 15,000 3 30,000 35,000 4 40,000 38,000 5 42,000 44,000

CO3

17. A Company produces 3,00,000 units of product A per annum when working at normal capacity. It incurs the following manufacturing cost per unit: Rs. Direct material 8.00 Direct labour 2.5 Variable overhead 2.6 Fixed overhead 4.0 17.10 Each unit of product A is sold at Rs.25 with variable selling and administrative expenses of Rs.1.90 per unit During the subsequent quarter only 15,000 units can be produced and sold. Management decides to shut down the plant and estimates that the fixed manufacturing costs for the quarter can be reduced to Rs.80,000. When the plant is running, the fixed overheads are incurred at uniform rate throughout the year. Additional cost of plant shut down for the quarter have been estimated as Rs.35,000. You are required: (a) To state whether the plant should be shut down during the quarter. (b) To compute the shut-down point for the quarter in units of product A.

CO5

18. Discuss the procedure of setting standard costs.

CO4

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