

ISQ Examination (Summer-2012)

Management Accounting for Financial Services – Stage-III

- Q. A) Define budget.
- Q. B) What are the different classes of budget?
- Q. C) What are the benefits of making budgets?
- Q. A) What is cost plus pricing model? Explain.
- Q. B) State any TWO advantages and TWO disadvantages of cost plus pricing model.
- Q. A) State TWO prime advantages and TWO disadvantages of qualitative techniques of forecasting. Under what circumstances is the use of qualitative forecasting techniques appropriate?
- Q. B) Describe THREE qualitative and THREE quantitative techniques of forecasting.
- Q. A) What is the basic difference between absorption and variable costing?
- Q. B) If production and sales are equal, which method would you expect to show the higher net-operating income, variable costing or absorption costing? Write your answer with reasons.
- Q. A) What is meant by the term 'operating leverage'?
- Q. B) Define products contribution Margin Ratio and state its formula. With the help of an example describe how this ratio is useful in planning business operations.
- Q. A product named Immaculate Chocolate has standard direct material cost as follows:
- 10 grams of Cream at Rs.10/- gram = Rs.100/- per unit of Immaculate Chocolate.
 - During 2011, 1,000 units of Immaculate Chocolate were manufactured, using 11,700 grams of Cream which costs Rs.98,600/-.

Calculate and describe the following variances.

- A. Direct material total variance
- B. Direct material price variance
- C. Direct material usage variance

Q. Suppose you have joined M/s ABC Bank as a regional branch head. It is the beginning of a new financial year and you have been asked to prepare a budget for upcoming year.

State why a budget is required for a bank. Formulate a budget preparation process for your region of ABC bank.

Q. What is the interest rate risk? Describe THREE types of interest rate risks faced by banks.

Q. Discuss the red flags that could be indicative of manipulations in balance statements.

Q. As a manager of a busy branch Mr. Khan is constantly called upon to make decisions in order to solve problems. He has to deal with the everyday issues of his clients along with more complex ones of money transactions with foreign business deals.

Write major steps involved in decision-making process? Also give a brief description of various relevant costs considered in decision-making process.
