Code No: MB163D/R16

MBA III Semester Regular Examinations, Nov-2017
ADVANCED MANAGEMENT ACCOUNTING

Time: 3 Hours **Max. Marks: 60**

Answer Any **FIVE** *Questions*
All Questions Carry Equal Marks
Question No. 8 is Compulsory

1. a. What is international Accounting Standards? Discuss Five International Accounts Standards (6)
   b. Discuss the need for Harmonization of International Accounting Standards in the present scenario. (6)

2. a. What is a cash flow statement? State its uses and limitations. (3)
   b. From the following balances calculate cash from operations: (9)

	31st December	
	2015	2016
	Rs	Rs.
Bills Receivable	50,000	47,000
Debtors	10,000	12,500
Bills Payable	20,000	25,000
Creditors	8,000	6,000
Outstanding Expenses	1,000	1,200
Prepaid Expenses	800	700
Accrued Income	600	750
Income received in advance	800	250
Profit made during the year	--	70,000

3. a. What is a Budgetary Control System? State its advantages in an organization (3)
   b. Prepare a flexible budget for production at 80 percent and 100 percent activity on the basis of following information: (9)

Production at 50% capacity	5,000 units
Raw materials	Rs. 80 percent
Direct Labor	Rs. 50 per unit
Direct Expenses	Rs. 15 per unit
Factory Expenses	Rs. 50,000 (50% Fixed)
Administration Expenses	Rs. 60,000 (60% Variable)

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4. a. What is a Master Budget? State its advantages? (3)
   b. Write notes on (9)
      a. Zero – base Budgeting
      b. Key – Factor
      c. Responsibility Accounting.

5. a. What do you mean by Marginal Costing? Discuss its usefulness and limitations. (3)
   b. XY Ltd manufactures auto parts, the following costs are incurred for processing 1, 00,000 units of a component: (9)

Direct Material cost	Rs. 5 lakhs
Direct Labor cost	Rs. 8 lakhs
Variance Factory Overhead	Rs. 6 lakhs
Fixed Factory Overhead	Rs. 5 lakhs

   The purchase price of the component is Rs. 22. The fixed overhead would continue to be incurred even when the component is bought from outside although there would be reduction to the extent of Rs.2,00,000.

   Required:
   1. Should the part be made or bought considering that the present facility when released following a buying decision would remain idle?
   2. In case the released capacity can be rented out to another company for Rs.1,50,000 what would be the decision?

6. Discuss Various Cost Concepts for Decision Making by the management in an organization. (12)

7. a. Define Standard Costing? In what types of industries in standard costing employed? (4)
   b. (i) Point out the differences between Historical Costing and Standard Costing (8)
   (ii) Bring out clearly the relationship between Standard Costing and Budgetary Costing

8. a. What is meant by Variance analysis (3)

b. The standard cost card shows the following details relating to material needed to produce 1kg of groundnut oil: (9)

Quantity of groundnut required 3kgs

Price of groundnut Rs.2.50 per kg

<u>Actual Production Data:</u>

Production during the month	1,000 kg
Quantity of material used	3,500 kg
Price of groundnut	Rs. 3 per kg

Calculate:

a. Material Cost Variance

b. Material Price Variance

c. Material Usage Variance

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