



The Institute of  
Bankers Pakistan

**Time Allowed: 3 Hours**

**Maximum Marks:100**

**Management Accounting for Financial Services**

**Date: December 11, 2019**

**JAIBP (Stage-III)**

**Roll No:**

Instructions:

- i. Attempt ALL questions;
- ii. Answers must be neat, relevant and brief;
- iii. In marking the question paper, the examiners take into account clarity of exposition, logic of arguments, presentation and language;
- iv. Read the instructions printed inside the top cover of answer script CAREFULLY before attempting the paper;
- v. DO NOT write your Name, Access No. or Roll No. etc. anywhere inside the answer script(s);
- vi. Candidates are advised not to mark any of the objective answer on the question paper, otherwise their paper will be cancelled;
- vii. Question Paper must be returned to invigilator before leaving the examination hall.

**SECTION B: SUBJECTIVE**

**All the questions from Section B are compulsory.**

**(55 Marks)**

**Q1.**

- A. How does Management Accounting differ from Financial Accounting? List down any FOUR differences. **(4 Marks)**
- B. What are the objectives of management accounting? **(4 Marks)**

**Q2.** Differentiate the followings with appropriate examples:

**(10 Marks)**

- I. Fixed cost versus Variable cost
- II. Product cost versus Period cost
- III. Direct cost versus Indirect cost
- IV. Manufacturing cost versus Non-manufacturing cost

**Q3.**

- A. Prepare the entries of the following transactions of M/S Aslam Brothers for the month of September, 2019: **(5 Marks)**
  - I. Purchased raw materials for Rs. 200,000 on credit.
  - II. Issued raw materials worth Rs. 120,000 to production.
  - III. Payroll were distributed as under:
    - a. Direct Labor Rs. 45,000;
    - b. Supervisor Salary Rs. 10,000;
    - c. Selling & Administration Rs. 25,000.
  - IV. Depreciation on machinery was Rs. 15,000, and other manufacturing overhead amounted to Rs. 20,000.
  - V. Goods worth Rs. 190,000 were completed and transferred to Finished Goods inventory during the month.

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B. The following selected information is extracted from the accounting records of National Corporation:

Direct Materials Used	Rs.750,000
Indirect Materials	Rs. 50,000
Direct Labor	Rs. 460,000
Indirect Labor	Rs. 25,000
Work- in – Process Inventory (opening)	Rs. 95,000
Work- in – Process Inventory (closing)	Rs. 65,000
Factory Overhead – Miscellaneous	Rs. 35,000
Depreciation on machinery	Rs. 70,000

**Required:**

**(3 Marks)**

Compute the cost of goods manufactured.

**Q4.**

- A. What are the problems associated with the implementation of budget and budgetary control in an organization? **(5 Marks)**
- B. The following information below relates to National Engineering Corporation for the month ended August 30, 2019:

Actual hours worked for 70,000 units	35,000 DLHrs
Actual rate paid to Direct Labor	Rs. 50/- per hour
Standard direct labor hours for producing a unit	0.495 per DLHrs per unit
Standard Rate	Rs. 50.25/- per hour

Compute the following:

**(5 Marks)**

- I. Labor Rate Variance
- II. Labor Efficiency Variance

**Q5.**

A. The information of M/s Akbar & Sons is given below:

**(5 Marks)**

Selling Price	Rs. 125/- per unit
Units Sold	20,000
Variable cost	Rs. 65/ per unit
Fixed Cost	Rs. 900,000

Compute the following:

- I. Break –Even Point in Units
- II. Margin of Safety

B. What are the factors that the managers need to consider while taking the product mix decisions?

**(5 Marks)**



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**Q6.** Kibria Corporation has a capital structure comprising of 30% debt, 10% preferred stock and 60% common equity. The company pays 12% interest on debt and tax rate is 40%. The cost of component of preferred stock and common stock is 13% and 12% respectively.

**Required:**

Compute the company's Weighted Average Cost of Capital (WACC).

**(4 Marks)**

**Q7.** Which financial tools are available to a banker to assess the financial health of a client for extending the loan facility?

**(5 Marks)**

**X ——— END OF PAPER ——— X**