



The Institute of Bankers Pakistan

Time Allowed: 3 Hours

Maximum Marks:100

Date: November 21, 2022

**Management Accounting for Financial Services
JAIBP (Stage III)**

Roll No:

Instructions:

- i. Attempt ALL questions;
- ii. Answers must be neat, relevant and brief;
- iii. In marking the answer sheets, 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

Attempt ALL Questions.

(55 Marks)

Q1. Differentiate the following with appropriate examples:

- a. Product Cost Vs Period Cost
- b. Direct Cost Vs Indirect Cost

(04 Marks)

(04 Marks)

Q2.

a. Prepare journal entries of the following transactions of Shaheen Logistics Enterprises for the month of November, 2021. **(06 Marks)**

- i. Purchased raw materials for Rs. 350,000 on credit;
- ii. Issued raw materials worth Rs. 270,000 to production;
- iii. Payroll was distributed as under:
 - a) Direct Labor Rs. 125,000;
 - b) Factory Supervisor Salary Rs. 55,000;
 - c) Selling & Administration Rs. 74,000.
- iv. Depreciation on machinery was Rs. 58,000, and other overhead was of amount Rs. 65,000;
- v. Goods worth Rs. 360,000 completed and transferred to Finished Goods inventory during the month;
- vi. Goods valuing Rs. 320,000 were sold at Rs. 410,000 on credit.

b. The following information is extracted from the books of accounts of Rahbar Corporation:

Direct Materials Used	Rs. 765,000
Indirect Materials	Rs. 40,000
Direct Labor	Rs. 520,000
Indirect Labor	Rs. 22,000
Work- in – Process Inventory (opening)	Rs. 65,000
Work- in – Process Inventory (closing)	Rs. 89,000
Factory Overhead – Miscellaneous	Rs. 35,000
Depreciation on machinery	Rs. 90,000

Required:

- i. Compute the Cost of Goods Manufactured. (05 Marks)
 ii. Prepare the journal entry thereof. (02 Marks)

Q3.

- a. List down any **FIVE** drivers for each Revenue and Expense heads, which are included while preparing a bank's budget. (05 Marks)
 b. The selected below information relates to National Engineering Corporation for the month ended August 31, 2021.

Actual hours worked for 75,000 units	52,000 DLHrs
Actual rate paid to Direct Labor	Rs. 25.25/- per hour
Standard direct labor hours for producing a unit	0.70 per DLHrs per unit
Standard Rate	Rs. 25/- per hour

Compute the following:

- i. Labor Rate Variance. (2.5 Marks)
 ii. Labor Efficiency Variance. (2.5 Marks)

Q4. Define the following terms in the context of performance evaluation:

- a. Responsibility Accounting (2.5 Marks)
 b. Kaizen (Continuous Improvement) (2.5 Marks)

Q5. You are provided with the below information of M/s Shehzad & Sons:

Selling Price	Rs. 275/- per unit
Units Sold	45,000
Variable cost	Rs. 185/ per unit
Fixed Cost	Rs. 750,000

Compute the following:

- i. Break-Even Point in Units. (2.5 Marks)
 ii. Margin of Safety if 10,910 units are sold (2.5 Marks)

Q6. Define the following:

- a. Default Risk Premium (02 Marks)
 b. Real Interest Rate (02 Marks)
 c. Funding Liquidity (02 Marks)

Q7.

- a. Jahangir Corporation has a capital structure comprising of 40% debt, 10% preferred stock and 50% common equity. The company pays 13% interest on debt and tax rate is 28%. The cost of component of preferred stock and common stock is 13% and 10% respectively.

Required: Compute the company's WACC. (04 Marks)

- b. The below information relates to Khyber Corporation:

Forecast Period	Free Cash Flow
Year -1	Rs. 1,750,000
Year -2	Rs. 1,875,000
Year -3	Rs. 1,985,000
Year -4	Rs. 2,300,000
Year -5	Rs. 2,625,000
Terminal Value	Rs. 35.60 (million)



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Discount rate for the company is 13%

Company's net debt valued at Rs. 20.65 (million)

Compute the following:

- i. Enterprise Value (EV)
- ii. Fair Value of Equity

(02 Marks)

(02 Marks)

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