



The Institute of Bankers Pakistan

Time Allowed: 3 Hours

Maximum Marks:100

Date: March 13, 2023

**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 answers, the examiner takes 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.** List down any **FOUR** advantages the management of a company derive from the Management Accounting. **(06 Marks)**
- Q2.** Differentiate between Fixed Cost and Variable Cost. **(04 Marks)**
- Q3.**
- a. Prepare the entries of the following transactions of Jason Corporation for the month of December, 2022. **(06 Marks)**
 - i. Purchased raw materials for Rs. 800,000 on credit;
 - ii. Issued raw materials worth Rs. 670,000 to production;
 - iii. Payroll was distributed as under:
 - a) Direct Labor Rs. 340,000;
 - b) Supervisor Salary Rs. 60,000;
 - c) Selling & Administration Rs. 105,000.
 - iv. Depreciation on machinery was Rs. 80,000, and other overhead amounted to Rs. 75,000;
 - v. Goods worth Rs. 650,000 completed and transferred to Finished Goods inventory during the month;
 - vi. Goods valuing Rs. 580,000 were sold at Rs. 715,000 on credit.
 - b. The following selected information is extracted from the accounting records of Greenfield Corporation:

Particulars	Amount in Rupees
Direct Materials Used	900,600
Indirect Materials	15,200
Direct Labor	630,500
Indirect Labor	30,400
Work-in-Process Inventory (Opening)	85,000
Work-in-Process Inventory (Closing)	64,000
Factory Overhead-Miscellaneous	65,000
Depreciation on Machinery	75,000

Required:

- i. Compute the Cost of Goods Manufactured.

(05 Marks)

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ii. Prepare the journal entry thereof. **(02 Marks)****Q4.**

- a. What are the key distinctions between Budget Planning & Strategic Planning? **(06 Marks)**
- b. List down any **FIVE** drivers for each Revenue and Expense heads, which are included while preparing a bank's budget. **(05 Marks)**

Q5.

- Define the following attributes of performance with suitable examples:
- a. Effectiveness **(02 Marks)**
- b. Efficiency **(02 Marks)**

Q6.Define Transfer Pricing and any **THREE** criteria to evaluate Transfer Pricing: **(05 Marks)****Q7.**

- a. You are offered an investment that will pay as under:

Year	Amount (Rs.)
1	50,500
2	60,200
3	70,000
4	75,600

You can earn 12 percent on a similar investment. What is the most you should pay for this one?
(Compute Total Present Value)? **(04 Marks)**

- b. 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)**

Q8.

- Define the following:
- a. Liquidity Premium **(02 Marks)**
- b. Inflation Premium **(02 Marks)**

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