



The Institute of Bankers Pakistan

**Time Allowed: 3 Hours**

**Maximum Marks:100**

**Date: June 20, 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 checking 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.
- viii. Ensure that you shade your choice on the Optical Mark Reader sheet correctly. Only ONE circle must be shaded as shown below:

**Correct Way:**  A  B  C  D (Choice B is selected)

**Incorrect Ways:**  A  B  C  D

**SECTION B: SUBJECTIVE**

**Attempt ALL Questions.**

**(55 Marks)**

**Q2.** Briefly elaborate the nature of Management Accounting in terms of its role in:

- A. Cause and Effect Analysis;
- B. Objective Achievement.

**(03 Marks)**

**(03 Marks)**

**Q3.**

- A. Why does the management of company is concerned for costs collection?
- B. Briefly differentiate between Product Cost and Period Cost.

**(03 Marks)**

**(04 Marks)**

**Q4.**

A. Prepare the entries of the following transactions of Rahim Corporation for the month of Feb, 2023.

**(06 Marks)**

- i. Purchased raw materials for Rs. 670,00 on credit.
- ii. Issued raw materials worth Rs. 540,000 to production.
- iii. Payroll were distributed as under:
  - a) Direct Labor Rs. 280,000
  - b) Supervisor Salary Rs. 40,000
  - c) Selling & Administration Rs. 130,000
- iv. Depreciation on machinery was Rs. 75,000, and other overhead amounted to Rs. 60,000.
- v. Goods worth Rs. 710,000 completed and transferred to Finished Goods inventory during the month.
- vi. Goods valuing Rs. 620,000 were sold at Rs. 790,000 on credit.

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

| Particulars                         | Amount in Rupees                 |
|-------------------------------------|----------------------------------|
| Direct Materials Consumed           | 1,900,000                        |
| Direct Labor                        | 70 % of Direct Material Consumed |
| Factory Overheads                   | 45% of Direct Labor              |
| Work-in-Process Inventory (Opening) | 180,000                          |
| Work-in-Process Inventory (Closing) | 270,000                          |
| Finished Goods (Opening)            | 285,000                          |
| Finished Goods (Closing)            | 325,000                          |

**Required:**

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

**Q5.**

A. State any **FIVE** contemporary issues which managers need to keep in mind while formulating the budget plan? (05 Marks)

B. The selected below information relates to Bravo Corporation for the month ended Nov 30, 2022.

|                                |                  |
|--------------------------------|------------------|
| Direct Materials purchased     | 40,200 kgs       |
| Standard Quantity              | 0.45 kg per unit |
| Actual Production              | 30,600 Units     |
| Materials issued to production | 14,000 kgs       |
| Actual price paid for purchase | Rs. 17.80 per kg |
| Standard price                 | Rs. 17.75 per kg |

Compute the following:

- i. Materials Price Variance. (2.5 Marks)  
 ii. Materials Usage Variance. (2.5 Marks)

**Q6.** How managers can use variance analysis to create a cycle of continuous improvement (Kaizen)? (05 Marks)

**Q7.**

A. You are provided with the below information of Ali Akbar & Sons:

|               |                    |
|---------------|--------------------|
| Selling Price | Rs. 321/- per unit |
| Units Sold    | 18,500             |
| Variable Cost | Rs. 265/- per unit |
| Fixed Cost    | Rs. 900,000        |

Compute the following:

- i. Break Even Point in Rupee Sales. (03 Marks)  
 ii. Margin of Safety. (03 Marks)

B. Which factors do managers need to consider while taking the Product Mix decisions? (any **FIVE**) (05 Marks)

**Q8.** Which situations do cause the timing difference in recognizing revenues and expenses between accrual basis and cash basis accounting? (03 Marks)

**X ——— END OF PAPER ——— X**