



The Institute of Bankers Pakistan

**Time Allowed: 3 Hours**

**Maximum Marks: 100**

**Date: December 18, 2023**

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

**Roll No:**

**Instructions:**

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

**SECTION B: SUBJECTIVE**

**Attempt ALL Questions.**

**(55 Marks)**

**Q1.** Which factors, other than cost, do managers need to consider while taking the Make and Buy decision? (any FIVE) **(05 Marks)**

**Q2.** The following selected information is extracted from the accounting records of Greenfield Corporation:

Particulars	Amount in Rupees
Direct Materials Consumed	Rs.1,870,600
Direct Labor	50% of Direct Material Consumed
Factory Overheads	90% of Direct Labor
Work-in-Process Inventory (Opening)	Rs. 230,000
Work-in-Process Inventory (Closing)	Rs. 670,000
Finished Goods (Opening)	Rs. 330,000
Finished Goods (Closing)	Rs. 425,000

**Required:**

**A.** Compute the Cost of Goods Sold **(06 Marks)**

**B.** Prepare the journal entry thereof **(02 Marks)**

**Q3.**

**A.** Compute the Future Value of Annuity from the given below information for analyzing the investing opportunity for your company: **(04 Marks)**

Annual Payments	Rs. 5.5 (m)
Investment Period	12 Years
Interest Rate Offered	12%

**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)**

The Institute of Bankers Pakistan

- C. The following information below relates to Basit Engineering Corporation for the month ended August 30, 2023: (04 Marks)

Actual hours worked for 140,000 units	140,000 DLHrs
Actual rate paid to Direct Labor	Rs. 50/- per hour
Standard direct labor hours for producing 140,000 units	138,600 DLHrs
Standard Rate	Rs. 50.25/- per hour

Compute the Labor Efficiency Variance:

- Q4. Briefly discuss any THREE financial ratios which may help managers to identify the potential fraud. (6 Marks)

- Q5. You are provided with the below information of Haider & Sons:

Selling Price	Rs. 67.50/- per unit
Units Sold	14,000
Variable cost	Rs. 41.25/ per unit
Fixed Cost	Rs. 176,500

Compute the following:

- A. Contribution Margin per Unit. (2.5 Marks)  
 B. Margin of Safety in Rupees. (3.5 Marks)
- Q6. Define the following:  
 A. Yield Curve Risk (02 Marks)  
 B. Hedging Interest Rate Risk (02 Marks)  
 C. Liquidity Premium (02 Marks)  
 D. Direct Costs (02 Marks)

- Q7. 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)

- Q8. Briefly explain any THREE factors that are to be considered while preparing the prospective financial statements? (06 Marks)

X ——— END OF PAPER ——— X