

Time Allowed: 3 Hours

Maximum Marks: 100

Date: December 6, 2024

**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: ☐ A ☒ B ☒ C ☒ D

SECTION B: SUBJECTIVE

Attempt ALL Questions.

(55 Marks)

Q1.

A. Differentiate the following:

- Manufacturing Costs and Non-Manufacturing Costs.
- Product Costs and Period Costs

(02 Marks)

(02 Marks)

B. Define The Real Risk-free Interest Rate.

(03 Marks)

Q2.

A. During the period under review Al-Rahim Corporation incurred following costs:

Opening Inventory	Amount in Rupees
Direct Material	48,500
Work in Process	10,000
Finished Goods	10,075

Closing Inventory	Amount in Rupees
Direct Material	15,900
Work in Process	6,050
Finished Goods	8,475

Additional Data	Amount in Rupees
Direct Labor Cost	300,000
Raw Material Purchased During the Period	70,000
Factory Overhead Cost During the Period	216,850

Required:

- Calculate the Cost of Goods Manufactured for the period.
- Calculate the Cost of Goods Sold for the period.

(05 Marks)

(02 Marks)

B. Outline the SEVEN general categories of financial statements manipulation.

(07 Marks)

Q3.

- A. What is Standard costing and how does it differ from Actual Costing? Enlist the key elements of standard costing. **(06 Marks)**
- B. What is Cost Plus Loan Pricing Model and what are its key components? **(06 Marks)**

Q4.

- A. You are provided with the following information of ABC Limited relating to the first half year ended 30th June 2024: **(07 Marks)**

Particulars	Amount in Rupees
Fixed Expenses	45,000
Sales Value	150,000
Profit	30,000

During the second half of the year the company has projected a loss of Rs. 10,000/-.

Required:

- A. The Break Even Point for first six months ending June 30, 2017
- B. Expected Sales Volume for the 2nd half of the year assuming that the Profit Volume (PV) Ratio and Fixed Expense remain constant in the second half of the year also
- C. The Break Even Point and Margin of Safety for the whole year of 2017
- 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)

Q5.

Following is the Financial Statements of ABC Limited for the year June 30, 2023.

(05 Marks)

INCOME STATEMENT

Rs. in Million

Sales	1,200
Cost of Goods Sold	900
Taxable Income	300
Taxes	90
Net Income	210
Dividends	70
Addition to Retained Earnings	140

BALANCE SHEET

Rs. in Million

Assets

Net Fixed Assets	800
Current Assets	
Inventory	200
Accounts Receivable	400
Cash and Bank Balances	600
	1,200

Total Assets

2,000

Capital and Liabilities

Capital	
Paid up Capital (Rs. 10 each)	300
Retained Earnings	400
	700

Long Term Liabilities

Long Term Debts	500
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Current Liabilities

National Institute of Banking and Finance, Pakistan

Accounts Payable	400
Notes Payable	400
	<u>800</u>
Total Capital and Liabilities	<u>2,000</u>

Other Information:

- The Fixed Assets are being utilized at full Capacity
- The forecasted growth rate in Sales is 25%

Required:

Based on financial statement and other information available, use the following formula to determine the External Financial needed by ABC Limited.

Formula:

$$EFN = A_0 / S_0 (S_1 - S_0) - L_0 / S_0 (S_1 - S_0) - (PM) (S_1) (b)$$

Where

S_0 = Current Sales

S_1 = Forecasted Sales = $S (1 + g)$

g = Forecasted Growth Rate in Sales

A_0 = Assets (at time 0) which vary directly with sales

L = Liabilities (at time 0) which may directly with sales

PM = Profit Margin = Net Income/ Sales

B = Retention Ratio = Addition to Retained Earnings/ Net Income

- Q6.** The following balances have been taken from the books of Al-Huda Dairies Limited on December 31, 2023.
(06 Marks)

Particulars	Amount in Rupees
Fixed Assets	200,000
Current Assets	700,000
Share Capital (Rs. 10 each)	300,000
Sales (All on Credit)	600,000
Average Inventory	20,000
Operating Expenses	150,000
Quick Assets	450,000
Long Term Liabilities	100,000
Current Liabilities	400,000
Retained Earnings	100,000
Cost of Goods Sold	350,000
Average Receivable	40,000
Market Price per Share	25

Required:

- Earnings per Share
- Price Earnings Ratio
- Book Value per Share

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