



# UNIVERSITY OF THE PUNJAB

Seventh Semester – 2019

Examination: B.S. 4 Years Program

Roll No. in Fig. ....

Roll No. in Words. ....

**PAPER: Managerial Accounting**  
**Course Code: BBA-404 Part-I (Compulsory)**

**MAX. TIME: 15 Min.**  
**MAX. MARKS: 10**

.....  
Signature of Supdt.:

**Attempt this Paper on this Question Sheet only.**

**Please encircle the correct option. Division of marks is given in front of each question.**

**This Paper will be collected back after expiry of time limit mentioned above.**

**Q.1. Encircle the right answer, cutting and overwriting is not allowed. (1x10=10)**

1. **Managerial accounting is used by:**
  - A) Internal users
  - B) External users
  - C) Stockbrokers
  - D) Clients
2. **Cost incurred in the past, before a decision is to be made, is called:**
  - A) Opportunity cost
  - B) Sunk cost
  - C) Direct cost
  - D) Variable cost
3. **Which of the following most likely to be a variable cost?**
  - A) Depreciation
  - B) Cost of Material
  - C) Rent
  - D) Salary
4. **The wages foregone when you give up your job to attend university full-time is an example of:**
  - A) Fixed cost
  - B) Opportunity cost
  - C) Sunk cost
  - D) Direct cost
5. **What is over applied?**
  - A) Actual overhead > Applied overhead
  - B) Actual overhead < Applied overhead
  - C) Actual overhead = Applied overhead
  - D) None
6. **In case of absorption costing, product cost includes:**
  - A) Variable cost
  - B) Fixed cost
  - C) Variable & Fixed cost
  - D) None
7. **What is contribution margin ratio?**
  - A)  $1 - \text{Sales} / \text{Variable cost}$
  - B)  $1 - \text{Sales} / \text{Fixed cost}$
  - C)  $1 - \text{Sales} / \text{Total cost}$
  - D) All of the above.
8. **Under or over applied arises when:**
  - A) Normal capacity = Production
  - B) Normal capacity > Production
  - C) Normal capacity < Production
  - D) B & C
9. **Conversion cost is the sum of:**
  - A) FOH and Direct Labor
  - B) Cost and Profit
  - C) FOH and Direct Material
  - D) Direct Labor and Direct Material
10. **Break-even point indicates the point at which:**
  - A) Firm earns profit
  - B) Firms bears loss
  - C) Firms neither makes any profit nor any loss
  - D) None



# UNIVERSITY OF THE PUNJAB

Seventh Semester – 2019

Examination: B.S. 4 Years Program

Roll No. ....

**PAPER: Managerial Accounting**  
**Course Code: BBA-404 Part – II**

**MAX. TIME: 2 Hrs. 45 Min.**  
**MAX. MARKS: 50**

**ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED**

Q.No.2. Define the following Terms:

(20)

1. Differentiate between a Fixed and a Flexible Budget.
2. Define 'Responsibility Centre'.
3. What is meant by Break-Even Point?
4. Define 'Standard Costing'.
5. Define 'Opportunity cost'.
6. Define the term Contribution Margin.
7. Define 'Direct costing'.
8. Define 'Differential cost'.
9. Define 'Activity-based Costing'.
10. Define Linear Programming.

Give answers to the following questions.

(3\*10=30)

Q.3. A company is considering whether to agree to do a job for a customer. It has sufficient spare capacity to take on this job. To do the job, three different direct materials will be required, Material X, Material Y and Material Z.

Data relating to these materials is as follows:

Material	Units needed	Units in Stock	Original cost of stock Rs. per unit	Current purchase price Rs. per unit	Current disposal value Rs. per unit
X	800	200	20	23	22
Y	600	400	15	19	12
Z	500	300	30	40	20

Material X is regularly used by the company for other work. Material Y is no longer in regular use, and the units currently in stock have no alternative use. Material Z is also no longer in use, but if the existing stocks of material are not used for this job, they can be used as a substitute material on a different job, where the contribution(saving) would be Rs.25 per unit of Material Z used.

**Required:**

Calculate the total relevant costs of the materials for this job.

**P.T.O.**