



# UNIVERSITY OF THE PUNJAB

Seventh Semester – 2019

Examination: B.S. 4 Years Program

Roll No. in Fig. ....

Roll No. in Words. ....

**PAPER: Management Accounting**  
**Course Code: COMM-405 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.** The prime objective of cost Accounting is
  - A. Collection, processing and evaluation of operating data
  - B. Providing information for the external users
  - C. Information to the management regarding actual results
  - D. All of these
- 2.** Which one is a method of inventory system:
  - A. First In first out
  - B. Last In first out
  - C. Weighted Average
  - D. All of these
- 3.** Which statement is prepared for a given/specific period:
  - A. Statement of changes in owner's equity
  - B. Statement of Cash flows
  - C. Income statement
  - D. None of these
- 4.** Process costing technique used by manufacturing concerns like
  - A. Textile
  - B. Electric parts
  - C. Automobile
  - D. All of these
- 5.** It is the relative proportion or ratio of a business's product that are sold.
  - A. Marketing Mix
  - B. Sales Mix
  - C. Cost Mix
  - D. None of these

**P.T.O.**

6. System that applies standardized goods are produced under a series of inter connected operations:

- A. Process costing
- B. Job order costing
- C. Standard costing
- D. None of these

7. The standards stresses the level to which cost should be

- A. At par
- B. reduced
- C. variable
- D. All of these

8. To review and approve departmental budget is the working of:

- A. Management
- B. Directors
- C. Budget committee
- D. Finance officer

9. It is the value benefit scarified in favor of an alternate.

- A. Differential cost
- B. Opportunity cost
- C. Marginal cost
- D. Sunk cost

10. A method of budgeting which starts from zero and every function within an organization is analyzed for its needs and costs:

- A. Flexible budgeting
- B. Zero based budgeting
- C. Fixed period budgeting
- D. All of these



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Seventh Semester – 2019

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Roll No. ....

**PAPER: Management Accounting**  
**Course Code: COMM-405 Part – II**

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

**MAX. MARKS: 50**

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

**Q.2. Answer these short questions.**

**(10x2=20)**

1. Which type of costing used for internal reporting with respect to marginal and absorption costing?
2. Why equivalent production report in process costing is prepared?
3. Differentiate between joint product and by product?
4. How the material quantity variance impact on labor variance, if any??
5. What is Differential Cost?
6. Define opportunity cost?
7. Define Cost volume profit Analysis?
8. Differentiate between direct costs and direct costing?
9. Define budget manual?
10. Explain the final sales volume variance?

**Q.3. Answer these long questions.**

**(15x2=30)**

1. Moon industries makes and sells the product. The following information is available for period 3:

Productions in units	2500
Sales in units	2300
Opening inventory	0

**Financial data:**

Unit selling price Rs. 90

**Unit cost:**

Direct Material	Rs. 15
Direct Labor	Rs. 18
Variable production overhead	Rs. 12
Fixed production overhead	Rs. 30
Variable selling overhead	Rs. 1

Fixed production overheads for the period were Rs. 105,000 and fixed administrative overheads were Rs. 27,000.

**Required:**

- (1) Direct costing income statement for period 3.
- (2) Direct costing income statement for period 3.

**P.T.O.**

## Question No.2

The production department of Sheikh Sons that uses process costing has sent the following data for one of its department:

Units received from preceding department	50,000
Units completed and sent to the next department	35920
Units completed but awaiting to be transferred	2080
Units still in process	12000

Cost incurred in the department is as follows:

Material A	Rs. 200,000
Material B	Rs. 94,000
Material C	Rs. 41000
Labor	Rs. 264,750
Factory overhead	Rs. 176,500

In this department additional materials are added to the units received from previous department. Three different types of materials are added at different stages of process which is as under:

Type A material is added at the start of the process, type B material is added when process is 25% completed and type C material is added when process is 75% completed.

Labor and Factory overhead cost incurred at a uniform rate throughout the process. On inspection it came to know that the units in process are as follows:

$\frac{1}{4}$  was  $\frac{7}{8}$  completed

$\frac{1}{2}$  was  $\frac{1}{2}$  completed

Remaining units were  $\frac{1}{6}$  completed.

## Requirement:

1. Cost of production report.
2. Equivalent Production report.