UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Seventh Semester – Spring 2023

Roll No. ....

Paper: Management Accounting **Course Code: COMM-405** **Time: 3 Hrs. Marks: 60**

THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. Answer the following short questions: (6x5=30)

1. Why there is a need to use standard cost?
2. What causes changes in the gross profit?
3. Direct costing method
4. Absorption costing method
5. Distinguish between period costs and product costs.
6. Opportunity Cost

Answer the following questions. (2x15=30)

Q.2 The ICI Limited has a budgeted normal monthly capacity of 12,000 labour hours, with a standard production of 8,000 units at this capacity. Standard costs are:

Materials ....2 kilograms @ Rs. 0.71
Labour ....Rs. 10 per hour
Factory overhead at normal capacity:
Fixed expense ....Rs. 6,000
Variable expense ....Rs. 2.00 per labour

During June, actual factory overhead total Rs. 30,000 and 11,500 labour hours cost Rs. 109,250. During the month, 7,500 units were produced using 16,000 kg of materials at a cost of Rs. 0.73 per kg.

Required: Two variances for materials, two variances for labour, and variances for factory overhead, using the two and three variance methods.

Q.3 The sales and volume data for the Ibrahim ltd. is given below:

	Budgetd			Actual		
Model Boot	**Sales Volume**	**Sales Price**	**Cost per unit**	**Sales Volume**	**Sales Price**	**Cost Per Unit**
Product X	7,000	Rs. 80	Rs. 45	9000	Rs. 95	Rs. 40
Product Y	6000	70	30	5,500	65	32

Required:

1. The price and volume variances for sales and cost.
2. The sales mix and final sales volume variances.