UNIVERSITY OF THE PUNJAB

B.B.A. (Hons.) Fourth Year: 2nd A – 2018 & A – 2019

Roll No. ....

Paper: FIN-1 Managerial Accounting (Finance Specialization)

Time: 3 Hrs. Marks: 100

Special Examination, Jeddah, K.S.A.

NOTE: Attempt any FIVE questions. All questions carry equal marks. Extra attempt of any question will not be considered.

Question 1.

a) Managers of enterprises consider a sales budget an extremely useful management tool. Explain.

b) Enumerate the various classifications of costs. **(20 marks)**

Question 2

Crowley, INC submits the following data for September:

Direct labor cost.......... $30,000.

Cost of Goods sold...... $111,000.

Factory overhead is applied at the rate of 150% of direct labor cost.

Inventory account showed these beginning and ending balances:

	September 1	September 30
Finished goods..................................	$15,000	$17,500
Work in process..................................	9,600	13,000
Materials..	7,000	7,400

Other data:

Marketing expenses...	$14,100
General and administrative expenses...............................	22,900
Sales for the month..	182,000

Required:

An income statement with the scheduled showing cost of goods manufactured and sold. **(20 marks)**

Question 3.

Saskatewan Can Company manufactures recyclable soft-drink cans. A unit of production is a case of 12 dozen cans. The following standards have been set by the production engineering staff and the controller.

Direct labor	Direct material
Quantity, .25 hour	Quantity, 4 kilograms
Rate, $16per hour	Price, $.80 per kilogram

Actual material purchases amounted to 240,000 kilograms at $.81 per kilogram. Actual cost incurred in the production of 50,000 units were as follows:

Direct labor....... $211,900 for 13,000 hours

Direct material... $170,100 for 210,000 kilograms

Compute:

a) Direct material price and quantity variances.

b) Direct labor rate and efficiency variances. **(20 marks)**

Question 4.

Z. LTD, Inc. produces nonfat frozen yogurt. The product is sold in five-gallon containers, which have the following price and standard variable cost:

Sales price..	$30
Direct material..	$10
Direct labor..	$4
Variable overhead..	$6

Budgeted fixed over-head in 2017, the company's first year of operations, was $600,000. Actual production was 150,000 five-gallon containers, of which 125,000 were sold. There were no variances recorded in 2017. Z.LTD, Inc. incurred the following selling and administrative expenses.

Fixed.. $100,000 for the year

Variable..................................... $1 per container sold

Required:

Prepare income statements for 2017 using (a) Absorption costing and (b) marginal costing. **(20 marks)**