



UNIVERSITY OF THE PUNJAB

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

Subject: Managerial Accounting (Finance Specialization)

Paper: FIN-1 / 1

Roll No.
Time: 3 Hrs. Marks: 100

Special Examination, Jeddah, K.S.A. Held at Lahore, Pakistan.

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

Question 1.

- Explain advantages of activity based costing over traditional absorption costing.
- Explain the nature and scope of cost accounting.

(20 marks)

Question 2.

The following data relate to the Brockway Corporation.

	Inventories	
	Ending	Beginning
Finished goods.....	\$95,000	\$110,000
Work in process.....	80,000	70,000
Direct materials.....	95,000	90,000
Costs incurred during the period:		
Costs of goods available for sale.....	\$684,000	
Total manufacturing cost.....	584,000	
Factory overhead.....	167,000	
Direct materials used.....	193,000	

(20 marks)

Required: Cost of goods sold statement.

Question 3.

The DeVries Company has a budgeted normal monthly capacity of 10,000 labor hours, with a standard production of 8,000 units at this capacity. Standard costs are:

- Materials 2 kilograms @ \$.50
 Labor \$9 per hour
 Factory overhead at normal capacity:
 Fixed expense \$5,000
 Variable expense..... \$ 1.50 per labor hour

During May, actual factory overhead totaled \$17,550 and 9,000 labor hours cost \$76,500. During the month, 7,000 units were produced using 14,400 kg of materials at a cost of \$.51 per kg.

Compute:

- Direct material price and quantity variances.
- Direct labor rate and efficiency variances.

(20 marks)

Question 4.

Riders 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. Riders, 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)