

CANDIDATE DETAILS

Access Number	Roll Number	For Official Use Only	Serial Number
Subject MANAGEMENT ACCOUNTING FOR FINANCIAL SERVICES			
Candidate's Name			
Father's Name			
CNIC Number			
Cell Number		E-mail	
I verify that my particulars given above are correct and I declare that I have read the INSTRUCTIONS printed in the examination booklet, and/or given in the ISQ Examination Guidelines, violation of which would mean cancellation of my paper and debarment from appearing in future examinations.			
Candidate's Signature		Invigilator's Signature	



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The Institute of Bankers Pakistan

ISQ Examination Winter - 2017 Stage - III Management Accounting for Financial Services

SEAL
BOOK
HERE

Section 2
Constructed and Extended
Response Questions

Number of Questions: 6
Marks: 55

Allotted time : 120 minutes



INSTRUCTIONS FOR THE CANDIDATES

1. The candidate must abide by the ISQ Examination Guidelines sent along with the admit card.
2. The candidate must sign the booklet after verifying the particulars and should **NOT** write his/her name or roll number on any other page of the examination booklet.
3. The candidate is advised **NOT** to approach the invigilators for seeking any explanation related to the questions in the examination paper.
4. Laptops, mobile phones or any other gadgets are **NOT** permitted in the examination hall. **ONLY** simple calculators are allowed except where indicated in the ISQ Examination Guidelines. If any candidate is found in possession of any restricted gadgets or items, his/her examination paper will be cancelled immediately.
5. The candidate must ensure that the examination booklet has all the pages duly numbered. If any page is missing, damaged or not numbered, then return the booklet to the superintendent / invigilator and obtain another booklet.
6. Write your answer **ONLY** in the given space for each question. Anything written outside the given space will not be considered for marking.
7. **ONLY** blue or black ball points are to be used.
8. The candidate must attempt **ALL** questions in the paper.

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Marks Obtained	Q.1	Q.2	Q.3	Q.4	Q.5	Q.6	Total Marks	Total in words
Marker - I								
Q.C								
Scrutiny								
Re-Scrutiny								
Marker- II								

Signatures:

1. Marker - I

2. QC

3. Scrutinizer

4. Re-Scrutinizer

5. Marker - II

Q2.

A. What do you understand by Direct Material Price Variance? Give possible reasons for this Variance. (4 Marks)

B. XYZ is a manufacturer of designer shoes and applies manufacturing overhead costs to products on the basis of direct labor hours. The standard cost card indicates that 6 direct labor-hours are required per unit of product. The company estimated that it would work 180,000 direct labor-hours and incur the following manufacturing overhead costs for the month of January.

Total fixed overhead costs	PKR 237,600
Total variable overhead costs	PKR 198,000

During January, the company completed 28,000 units of product, worked 172,000 direct labor-hours, and incurred the following total manufacturing overhead costs:

Total fixed overhead costs	PKR 230,600
Total variable overhead costs	PKR 197,800

On the basis of the above given data, calculate the following variances for the month of January and also mention whether they are favorable or unfavorable.

- i.** Variable overhead spending variance. (2 Marks)



ii. Variable overhead efficiency variance

(2 Marks)

iii. Fixed overhead budget variance

(2 Marks)



Q3.

A. Explain various types of pricing models.

(4 Marks)

B. Consider a business with the following costs and volumes for a single product.

Fixed costs:	
Factory production costs	PKR 750,000
Research and development	PKR 250,000
Fixed selling costs	PKR 550,000
Administration and other overheads	PKR 325,000
Variable costs	
Variable cost per unit	PKR 8.00
Mark-up % required	35%
Budgeted sales volumes (units)	500,000

What should be the selling price on a full cost plus basis?

(6 Marks)

Q4. Define the following with examples.

A. Opportunity Cost

(2 Marks)



B. Semi variable Cost

(2 Marks)

C. Accruals

(2 Marks)



D. Intangible Assets

(2 Marks)

E. Amortization

(2 Marks)



Q5.

A. What is weighted average cost of capital (WACC)? Company X's WACC is 5% and Company Y's WACC is 10% respectively.

Which company is highly geared and why?

(5 Marks)

B. Explain the significance of the following ratios: (4 Marks)

- I. Price to earnings ratio
- II. Price to book ratio
- III. Price to sales ratio
- IV. Debt to equity ratio



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