



ALLAMA IQBAL OPEN UNIVERSITY
Semester Terminal Exam Autumn 2020

Program /level:	ADC/AD/BS/Graduation	Maximum Marks	100
Title /Course Code	Cost Accounting (5410)	Pass marks	50

Instructions for Exams:

1. Attempt All Questions.
2. Write answers in your own words and avoid copying from an internet source or any book.
3. Be precise, avoid unnecessary details, answer to each question must be between 600-800 words.
4. Students are advised to upload their answer sheets/solutions on LMS portal as soon as they complete their answers and not to wait for 8:30 PM.
5. Submissions after due date & time will not be entertained. Attach undertaking with each course code which were allowed to attempt in Urdu.
6. If plagiarism found, Student may be declared fail.

Q. No.	Questions	Marks
1	What information provided by a variable costing income statement is used in computing the break-even point? Is this information on absorption costing income statement? Explain your answer.	33
2	There are two renowned costing system i.e., Job Order Costing System or Process Costing System used by manufacturing or service organization. You are required to highlight the suitability, advantages and disadvantages of each costing system in context of organizations working in Pakistan.	33
3	<p>Timbuk2 is a San Francisco company that makes a variety of messenger, cyclist, laptop bags and facemasks. The company's Web site (Timbuk2.com) allows customers to design their own size, color, and fabric bags and face masks with specific features and accessories; then the company sews the bags and face masks to the customers' specifications.</p> <ol style="list-style-type: none">a. Visit the company's Web site and custom design a bag. Compare the quoted price with a bag of similar quality and features at a local store (Provide the detail of local store you visited). Explain whether you think the Timbuk2 bag is a good value.b. Why would Timbuk2 be able to produce custom-made messenger bags for almost the same cost as mass-produced ones?c. Would you expect the quality of the custom-produced messenger bags to be higher or lower than the mass-produced ones? Discuss the rationale for your answer.d. Why would the custom-made messenger bags show a high profit margin?	34