

THE INSTITUTE OF BANKERS, BANGLADESH (IBB)

97th Banking Professional Examination, 2023

AIBB

Management Accounting (MA)

Subject Code :

2	0	9
---	---	---

Time—3 hours and 30 minutes

Full marks—100

Pass marks—45

[N.B. The figures in the right margin indicate full marks. Answer any five questions.]

- | | Marks |
|---|-------|
| 1. (a) "Management Accounting is helpful in increasing profitability in financial institutions"—Discuss with example. | 5 |
| (b) "Management Accounting is nothing more than the use of financial information for management purposes"—Explain the statement and distinguish between Financial Accounting and Management Accounting. | 10 |
| (c) Discuss the functions of Management Accounting. | 5 |
| 2. (a) Define the Break Even Point (BEP). What are the reasons of changing Break Even Point? | 6 |
| (b) How does an increase in the income tax rate affect the Break Even Point? Explain. | 5 |
| (c) ABC Company sells 3 different products with same cost and selling price. The company is trying to find out the profitability of opening another store which will have the following expenses and revenues : | 9 |
| Selling price per unit Tk. 300 | |
| Variable cost per unit Tk. 195 | |
| Sales commission per unit Tk. 15 | |
| Annual fixed expenses are : | |
| Rent Tk. 6,00,000 | |
| Salaries Tk. 20,00,000 | |
| Advertising cost Tk. 8,00,000 | |
| Other fixed expenses Tk. 2,00,000 | |
| Required : | |
| (i) Calculate the annual Break Even Point (BEP) in units and in value. Also determine the profit or loss if 30,000 units are sold. | |
| (ii) The sales commission is discontinued but instead a fixed amount of Tk. 9,00,000 is to be incurred in fixed salaries. A reduction in selling price of 5% is also offered. What will be the BEP in units? | |
| (iii) It is proposed to pay the store manager Tk. 5 per units as further commission. The selling price is also proposed to increase by 5%. What would be the BEP in units? | |
| 3. (a) "The information in a statement of cash flows can help investors, creditors and others to assess a company's profile."—Explain the statement. | 6 |
| (b) Here the comparative statements of financial position of ABC Company : | 14 |

ABC Company
Comparative Statements of Financial Position

Assets	December 2022 (Tk.)	December 2021(Tk.)
Land	73,000	100,000
Equipment	260,000	200,000
Accumulated Depreciation (Equip)	(66,000)	(34,000)
Inventory	170,000	187,000
Accounts Receivable	85,000	71,000
Cash	73,000	33,000
Total	595,000	557,000
Equity and Liabilities :		
Share Capital-Ordinary (Tk. 1 per)	216,000	174,000
Retained Earning	194,000	136,000
Bonds Payable	150,000	200,000
Accounts payable	35,000	47,000
Total	595,000	557,000

Additional information :

- (1) Net income for 2022 was Tk. 103,000.
- (2) Depreciation Expenses was Tk. 32,000.
- (3) Cash dividend of Tk. 45,000 were declared and paid.
- (4) Bonds payable amounting to Tk. 50,000 were redeemed for cash Tk. 50,000.
- (5) Ordinary shares were issued for Tk. 42,000 cash.
- (6) No equipment was sold during 2022.
- (7) Land was sold for its book value of Tk. 27,000.

Required:

Prepare a statement of cash flows for the year 2022 using the indirect method.

[Please turn over

4. (a) Explain the meaning of the following terms :

- (i) Common size analysis.
(ii) Vertical analysis.
(iii) Horizontal analysis.
(iv) Percentage analysis.

6

(b) The condensed financial statements of John Company for the year ended June 30, 2020 is presented below :

14

John Company
Statement of Financial Position (June 30, 2020)

Assets	2020 (in thousands) Tk.	
Intangible and other assets		876.7
Property, plant and equipment (net)		694.2
Investments		12.3
Current Asset—		
Prepaid expenses and other :		
Current assets	Tk. 204.4	
Inventory	Tk. 768.3	
Accounts receivable (net)	Tk. 776.6	
Cash	Tk. 553.3	2,302.6
Total Assets :		3,885.8
Equity and Liabilities :		
Share holders equity-ordinary		1,708.6
Non-current liabilities		679.5
Current liabilities		1,497.7
Total equity and liabilities		3,885.8

John Company
Income Statements (June 30, 2020)

	2020 (in thousands) Tk.	
Sales Revenue		6,336.3
Costs and expenses :		
Cost of goods sold		1,617.4
Selling and administrative		4,007.6
Interest expenses		13.9
		5,638.9
Income before taxes		697.4
Income tax		291.3
Net income		406.1

Compute the following ratios for 2020 (7×2) :

- (a) Current ratio.
(b) Inventory turnover ratio (Inventory on 6/30/2019 was Tk. 653.5)
(c) Profit margin ratio.
(d) Return on Assets (Assets on 6/30/2019 was Tk. 3708.1)
(e) Return on ordinary shareholder's equity (Equity on 6/30/2019 was Tk. 1,749.0)
(f) Debt to total assets, ratio.
(g) Times interest earned.
5. (a) What do you understand by working capital cycle? 4
(b) Describe the factors that affect the level of working capital requirement of a company. 4
(c) Following is the cost statement of ABC Company Ltd : 12

	Tk. 50	Per	Unit
Raw Materials	20	"	"
Direct Labor Cost	40	"	"
Overhead Cost	110	"	"
Total Cost	30	"	"
Profit	140	"	"
Selling Price			

You are also given the following additional information :

- (i) Average raw material in stock One month
(ii) Average raw materials in process Half a month
(iii) Stock of finished goods 30 days
(iv) 20% sales are cash sales
(v) Expected cash balance Tk. 100,000
(vi) Credit allowed to debtors 2 month
(vii) Credit allowed by creditor 45 days
(viii) Time lag in payment of wages 15 days
(ix) Time lag in payment of overheads 1 month
(Note 360 days in a year)

You are required to prepare statement showing the working capital requirement if level of activity of the company is 70,000 units. Assume 360 days in a year.

- Marks
6. (a) What is budget? Discuss some major benefits to be gained from budgeting. 4
 (b) Discuss the use of time value of money in capital budgeting. 4
 (c) ABC Company Ltd. is faced with the problem of replacing a machine. Two machines are available in the market. Both require initial outlay of Tk. 10,000 and have a life of 5 years. The company required rate of return is 10% and pays tax @ 50%. Depreciation and investment allowances are as follows :
 Depreciation: 1st year 80% of cost and 2nd year 20% of cost.
 Investment allowance : 1st year 20% of cost. Cash inflows are as follows (before tax) :

	Year				
	1	2	3	4	5
Machine-1	4,000	4,000	4,000	4,000	4,000
Machine-2	6,000	3,000	2,000	5,000	4,000

Determine :

- (i) IRR of each machine. 4
 (ii) Net present value (NPV) of each machine. 4
 (iii) Which machines should be purchased? 4
7. (a) What is the purpose of cost volume-profit (CVP) analysis? What is the Contribution Margin (CM)? 5
 (b) Explain the assumptions of CVP analysis. 5
 (c) A cellular phone company sells phones for Tk. 5,000. The unit variable cost per phone is Tk. 2,500 plus a selling, commission of 10%. Fixed manufacturing cost total Tk. 65,000 per month, while fixed selling and administrative costs total Tk. 1,50,000. 10
- Required :
- (i) What is the contribution margin per phone?
 (ii) What is the breakeven point in phones?
 (iii) How many phones must be sold to earn a targeted profit of Tk. 3,75,000?
8. (a) How can we achieve control of business operations of a bank through budget and standard costing techniques? 6
 (b) The following information available for PQR company : 7

	January (Tk.)	February (Tk.)
Budgeted sales	60,000	80,000
Gross profit as a percentage of sales	40%	40%
Closing trade payables as a percentage of cost of sales	50%	50%
Opening inventory	nil	nil
Closing inventory	nil	nil

Note that all cost of sales are paid for on credit. How much money should be budgeted for supplier payments in February?

- (c) Z Company produces shirts. There has been a surge in shirt sales as a result of an advertising company and so Z Company is paying its staff overtime to build up the inventory levels. 7
- | | |
|--|----------------|
| Labor hours per unit | 3 hours |
| Basic wage rate per hour | Tk. 20 |
| Overtime premium | 25% |
| Normal number of labor hours per month | 3,40,000 hours |
- Z Company expects sales of 1,00,000 units in September and wants to have closing inventory at the end of September of 20,000 units. There will be no opening inventory on 1st September.
 Calculate the budgeted labor cost.
9. (a) How many statements constitute a complete set of financial statements? Give a brief description of all the statements. 5
 (b) Describe the limitations of ratio analysis. 5
 (c) Capital Printers Ltd. had sales total Tk. 4,00,00,000 in the year 2020. Some ratios for the company are listed. Use this information to determine the shilling values of various income statement and balance sheet. 10

Capital Printers for the year ended December 31, 2020 :

Sales	Tk. 4,00,00,000
Gross profit margin	80%
Operating profit margin	35%
Net profit margin	8%
Return of Total Assets	16%
Return on Equity	20%
Total Asset turnover	2
Average collection period	62.2 days.

Calculate values for the following :

- (i) Gross profit
 (ii) Cost of goods sold
 (iii) Operating profit
 (iv) Total Assets
 (v) Total Equity.

10. Write short notes on any five of the following :

- Margin of Safety
- Total Quality Management (TQM)
- Operating Leverage
- Pay-back Period
- Marginal Cost
- Liquidity ratio
- Mixed Cost
- Zero-based Budgeting.

[বাংলা অনুবাদ]

[দ্রষ্টব্য : ডান পাশের সংখ্যা প্রশ্নের পূর্ণমান জ্ঞাপক। যে কোনো পাঁচটি প্রশ্নের উত্তর দিন।]

	নম্বর
১। (ক) “আর্থিক প্রতিষ্ঠানের উপার্জন ক্ষমতা বৃদ্ধিতে ব্যবস্থাপনা হিসাববিজ্ঞান সহায়ক”—উদাহরণসহ ব্যাখ্যা করুন।	৫
(খ) “ব্যবস্থাপনা হিসাববিজ্ঞান ব্যবস্থাপনার উদ্দেশ্য আর্থিক তথ্য ব্যবহার ছাড়া আর কিছুই নয়”—উক্তিটি ব্যাখ্যা করুন এবং আর্থিক হিসাব বিজ্ঞান ও ব্যবস্থাপনা হিসাববিজ্ঞানের মধ্যে পার্থক্য রচনা করুন।	১০
(গ) ব্যবস্থাপনা হিসাব বিজ্ঞানের কাজগুলো আলোচনা করুন।	৫
২। (ক) সমছেদ বিন্দু বর্ণনা করুন। সমছেদ বিন্দু পরিবর্তিত হওয়ার কারণগুলো কী কী?	৬
(খ) কীভাবে আয়কর হার বৃদ্ধি সমছেদ বিন্দুকে প্রভাবিত করে? ব্যাখ্যা করুন।	৫
(গ) ইংরেজি অংশ দেখুন।	৯
৩। (ক) “নগদ অর্থ প্রবাহ বিবরণীর তথ্য বিনিয়োগকারী ঋণদাতা এবং অন্যদের একটি কোম্পানির প্রোফাইল মূল্যায়ন করতে সাহায্য করতে পারে”—উক্তিটি ব্যাখ্যা করুন।	৬
(খ) ইংরেজি অংশ দেখুন।	১৪
৪। (ক) নিচের পদগুলোর অর্থ ব্যাখ্যা করুন :	৬
(i) সাধারণ আকার বিশ্লেষণ	
(ii) উল্লম্ব বিশ্লেষণ	
(iii) অনুভূমিক বিশ্লেষণ	
(iv) শতাংশ বিশ্লেষণ	
(খ) ইংরেজি অংশ দেখুন।	১৪
৫। (ক) চলতি মূলধন চক্র বলতে কী বুঝেন?	৪
(খ) একটি কোম্পানির চলতি মূলধনের প্রয়োজনীয়তার স্তরকে প্রভাবিত করে এমন কারণগুলো বর্ণনা করুন।	৪
(গ) ইংরেজি অংশ দেখুন।	১২
৬। (ক) বাজেট কী? বাজেট থেকে অর্জিত প্রধান প্রধান সুবিধা নিয়ে আলোচনা করুন।	৪
(খ) মূলধন বাজেটিংয়ে অর্থের সময় মূল্যের ব্যবহার আলোচনা করুন।	৪
(গ) ইংরেজি অংশ দেখুন।	১২
৭। (ক) ব্যয় পরিমাণ-মুনাফা সম্পর্কে বিশ্লেষণের উদ্দেশ্য কী? কন্ট্রিবিউশন মার্জিন কী?	৫
(খ) সিডিপি সম্পর্ক বিশ্লেষণের অনুমানগুলো ব্যাখ্যা করুন।	৫
(গ) ইংরেজি অংশ দেখুন।	১০
৮। (ক) বাজেট এবং মানসম্মত খরচ কৌশলে আমরা কীভাবে একটি ব্যাংকের ব্যবসায়িক অপারেশন নিয়ন্ত্রণ করতে পারি?	৬
(খ) ইংরেজি অংশ দেখুন।	৭
(গ) ইংরেজি অংশ দেখুন।	৭
৯। (ক) কয়টি বিবরণী মিলে একটি সম্পূর্ণ আর্থিক বিবরণী সেট গঠন করে? বিবরণীগুলোর সংক্ষিপ্ত বর্ণনা লিখুন।	৫
(খ) অনুপাত বিশ্লেষণের সীমাবদ্ধতা ব্যাখ্যা করুন।	৫
(গ) ইংরেজি অংশ দেখুন।	১০
১০। টাকা লিখুন (যে কোনো পাঁচটি) :	৪×৫=২০
(ক) নিরাপত্তা প্রাপ্ত	
(খ) সম্পূর্ণ গুণমান ব্যবস্থাপনা	
(গ) অপারেটিং লিভারেজ	
(ঘ) বিনিয়োগ ফেরতকাল	
(ঙ) প্রান্তিক ব্যয়	
(চ) তারল্য অনুপাত	
(ছ) মিশ্র ব্যয়	
(জ) শূন্য ভিত্তিক বাজেটিং।	