

THE INSTITUTE OF BANKERS, BANGLADESH (IBB)

96th Banking Professional Examination, 2023

AIBB

Management Accounting (MA)

Subject Code :

2	0	9
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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. Different parts of a question should be answered in the same place. Use of a calculator in the examination hall is permissible.]

- | | Marks |
|--|-------|
| 1. (a) Describe the scope of Management Accounting. | 4 |
| (b) How does Management Accounting help in decision making process in the banking sector? Explain with relevant examples. | 5 |
| (c) What are the major differences between Financial Accounting and Management Accounting? | 6 |
| (d) "Management Accounting is not mandatory by law"— Do you agree or disagree? Write down your logic in favour of your answer. | 5 |
| 2. (a) Define break-even point. How does break-even analysis help credit officer in taking lending decision? | 6 |
| (b) Write down the assumption of Cost-Volume Profit (CVP) analysis? | 4 |
| (c) Differentiate between contribution margin and gross margin. | 4 |
| (d) The following information relates to product 'Beta' : | |

	Taka
Selling Price Per Unit	100
Variable cost per unit	56
Fixed cost	2,20,000

Budgeted sales are 7500 Units

Required :

- | | |
|---|---|
| (i) Calculate the break-even point in terms of Units sold and overall sales Revenue. | 4 |
| (ii) Calculate the Margin of safety (expressed as a % of budgeted sales). | 2 |
| 3. (a) "The variable cost per unit varies with output, whereas the fixed cost per unit is constant"— Do you agree? Explain. | 4 |
| (b) Describe Prime cost and conversion cost with relevant examples. | 4 |
| (c) The following information has been taken from the accounting records of Alif Corporation for the year 2022 : | |

	Taka
Selling Expenses	1,40,000
Raw Materials Inventory, January 1	90,000
Raw Materials Inventory, December 31	60,000
Direct labour cost	1,50,000
Purchase of Raw Materials	7,50,000
Sales	25,00,000
Administrative Expenses	2,70,000
Manufacturing overhead	6,40,000
Work in process inventory January 1	1,80,000
Work in process inventory, December 31	1,00,000
Finished goods inventory, January 1	2,60,000
Finished goods inventory, December 31	2,10,000

Management wants those data organized in a better format so that financial statements can be prepared for the year.

Required :

- | | |
|---|----|
| (i) Prepare a schedule of cost of goods manufactured. Assume raw materials consists entirely of direct materials. | 6 |
| (ii) Compute the cost of goods sold. | 2 |
| (iii) Prepare an Income statement. | 4 |
| 4. (a) Discuss the utility of cash budget as a tool of cash management. What are the steps involved in the construction of a cash budget. | 6 |
| (b) The following results are expected by XYZ Ltd. by quarters next year, in thousands of Tk : | 14 |

Particulars	Quarter			
	1	2	3	4
Sales	7,500	10,500	18,000	10,500
cash payments :				
Production costs	7,000	10,000	8,000	8,500
Selling, administrative : and other costs	1,000	2,000	2,900	1,600
Purchases of plant and Other fixed assets	100	1,100	2,100	2,100

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[Please turn over

The debtors at the end of a quarter are one-third of sales for the quarter. The opening balance of debtors is Tk. 30,00,000. Cash on hand at the beginning of the year is Tk. 6,50,000 and the desired minimum balance is Tk. 5,00,000. Borrowings are made at the beginning of quarters in which the need will occur in multiples of Tk. 10,000 and are repaid at the end quarters. Interest changes may be ignored. You are required to prepare :

- (i) A cash budget by quarters for the year; and
 (ii) State the amount of loan outstanding at the end of the year. Show your computations.
5. (a) What is capital budgeting? What are the steps in capital budgeting process? 6
 (b) Botany International is attempting to evaluate the feasibility of investing Tk. 95,000 in a piece of equipment that has a 5 year life. The firm has estimated the cash inflows associated with the proposal as shown in the following table. The firm has a 12% cost of capital.

Year	Cash inflow (Taka)
1	20,000
2	25,000
3	30,000
4	35,000
5	40,000

Required :

- (i) Calculate the payback period for the Proposed Investment. 2
 (ii) Calculate the Net Present Value (NPV) for the proposed Investment. 4
 (iii) Calculate the Internal Rate of Return (IRR), rounded to the nearest whole percent for the proposed Investment. 4
 (iv) Evaluate the acceptability of the proposed Investment using NPV and IRR. What recommendation would you make relative to implementation of the project? Why? 4
6. (a) "A company may be profitable, but if it does not have an adequate. Cash position it may not be able to survive". — Explain the statement. 6
 (b) The comparative Balance sheets of Rose Corporation as of December 31 are presented below : 14

Rose Corporation
Comparative Balance sheet
 As on December, 31

Assets	2022 (Tk.)	2021 (Tk.)
Cash	71,000	45,000
Accounts Receivable	44,000	62,000
Inventory	1,51,450	1,42,000
Prepaid Expenses	15,280	21,000
Land	1,05,000	1,30,000
Equipment	2,28,000	1,55,000
Accumulated depreciation equipment	(45,000)	(35,000)
Building	2,00,000	2,00,000
Accumulated depreciation- building	(60,000)	(40,000)
Total Assets	7,09,730	6,80,000
Stockholders equity and liabilities		
Common stock, Tk. 1 par	2,00,000	1,60,000
Retained earnings	2,02,000	1,80,000
Bonds Payable	2,60,000	3,00,000
Accounts payable	47,730	40,000
Total stockholder equity and liabilities	7,09,730	6,80,000

Additional Information :

- (i) Operating expenses include depreciation expenses of Tk. 42,000 and charges from prepaid expenses of Tk. 5720.
 (ii) Land was sold for cash at book value.
 (iii) Cash dividends of Tk. 15,000 were paid.
 (iv) Net Income for 2022 was Tk. 37,000.
 (v) Equipment costing Tk. 22,000 with a book value of Tk. 10,000 was sold for Tk. 6,000 cash.
 (vi) Bonds were converted at face value by issuing 40,000 shares of Tk. 1 par value of common stock.

Required : Prepare a statement of cash flows for the year Ended December 31, 2022; using indirect method.

7. (a) Describe the factors that affect the level of working capital requirement of a company.

6

(b) Alpha Ltd. applies for loan (cash credit) from your bank.

14

Following data relates to Alpha Ltd :

Sales Revenue for year 15,00,000

Cost of percentage of sales :

Direct Materials 30%

Direct labour 25%

Variable overheads 10%

Fixed overheads 15%

Selling and distribution 5%

Average statistics relating to working capital are as follows :

—Receivables take $2\frac{1}{2}$ months to pay.

—Raw materials are in inventory for 3 months.

—Work in process represents two months half produces goods.

—Finished goods represent one month's production.

—Credit is taken.

Materials 2 months

Direct labour 1 week

Variable overheads 1 month

Fixed overhead 1 month

Selling and Distribution $\frac{1}{2}$ month

—Work in process and finished goods are valued at the cost of material, labour and variable expenses.

—Assume that the labour force is paid for 50 working weeks in each year.

Required :

Calculate the working capital Requirement for Alpha Ltd.

8. (a) What are the purpose of analyzing Financial statements of borrowers by the bank?

4

(b) Describe the limitations of Ratio Analysis.

4

(c) Below are the financial statements of Star Co. Ltd. for the year Ended 31 December 2022 :

Income statements		2022 (Amount in taka)
Revenue		1,80,000
Cost of sales		(65,000)
Gross profit		1,15,000
Operating expenses		(39,900)
Profit from operations		75,100
Interest Expense		(12,000)
Profit before Tax		63,100
Tax		(17,300)
Profit for the period		45,800
Balance sheets		2022 (Amount in Taka)
Property plant and Equipment		2,66,200
Current Assets :		
Inventory	15,000	
Receivable	49,300	
Total Assets		64,300
		3,30,500
Share capital		1,46,700
Loans		1,50,000
Current liabilities :		
Trade payables	11,700	
Overdraft	9,100	
Taxation	13,000	
		33,800
Equity and liabilities		3,30,500

Required :

Calculate the following ratios :

2×6=12

(i) Current Ratio

(ii) Quick Ratio

(iii) Receivable collection Period

(iv) Inventory Holding Period

(v) Net Profit Margin

(vi) Interest Coverage Ratio.

- | | Marks |
|--|-------|
| 9. (a) "Earning Per Share (EPS) is widely regarded as the most important indicator of a company's Performance"—Explain the statement. | 5 |
| (b) Ayan Co. Ltd has earnings of Tk. 3,00,000 during the year Ended 31 December, 2022. On 1st January 2022 company had share capital of 1,00,000 Tk. 1 shares. On 1 March, 2022 a further 60,000 shares were issued at Tk. 3.25 per share. | 6 |

Required :

What is the Earning Pre Share (EPS) for the year ended 31 December 2022?

- | | |
|---|---|
| (c) What is P/E Ratio? How is P/E Ratio calculated? | 4 |
| (d) "There is a direct relationship between the firm's divided policy and its market value."—Explain the statement. | 5 |

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

4×5=20

- | | |
|-----------------------------------|------------------------------------|
| (a) Financial leverage | (b) Dividend yield |
| (c) Capital Rationing | (d) Contribution Margin |
| (e) Profitability Index | (f) Lease Vs Hire Purchase Finance |
| (g) Economic Order Quantity (EOQ) | (h) Sunk cost. |

[বাংলা অনুবাদ]

দ্রষ্টব্য : ডান পাশের সংখ্যা প্রশ্নের পূর্ণমান জ্ঞাপক। যে কোনো পাঁচটি প্রশ্নের উত্তর দিন। একই প্রশ্নের বিভিন্ন অংশের উত্তর একই স্থানে লিখতে হবে।]

নম্বর

- | | |
|---|----|
| ১। (ক) ব্যবস্থাপনা হিসাব বিজ্ঞানের পরিধি/আওতা বর্ণনা করুন। | ৪ |
| (খ) ব্যবস্থাপনা হিসাব বিজ্ঞান কীভাবে ব্যাংকিং সেক্টরে সিদ্ধান্ত গ্রহণে সহায়তা করে? প্রাসঙ্গিক উদাহরণসহ ব্যাখ্যা করুন। | ৫ |
| (গ) আর্থিক হিসাব বিজ্ঞান ও ব্যবস্থাপনা হিসাববিজ্ঞানের মধ্যে প্রধান পার্থক্যসমূহ কী কী? | ৬ |
| (ঘ) "ব্যবস্থাপনা হিসাববিজ্ঞান আইনগতভাবে বাধ্যতামূলক নয়"। আপনি কী উক্তিটির সাথে একমত না অসম্মতি পোষণ করেন? আপনার উত্তরের সপক্ষে যুক্তি উপস্থাপন করুন। | ৫ |
| ২। (ক) সমষ্টি বিন্দু বর্ণনা করুন। সমষ্টি বিন্দু বিশ্লেষণ কীভাবে ঋণ কর্মকর্তাকে ঋণ প্রদান সংক্রান্ত সিদ্ধান্ত গ্রহণে সাহায্য করে? | ৬ |
| (খ) ব্যয় পরিমাণ মুনাফা বিশ্লেষণের অনুমানসমূহ বর্ণনা করুন। | ৪ |
| (গ) কন্ট্রিবিউশন মার্জিন ও গ্রস মার্জিন এর পার্থক্যসমূহ বর্ণনা করুন। | ৪ |
| (ঘ) ইংরেজি অংশ দেখুন। | ৬ |
| ৩। (ক) "পরিবর্তনশীল ব্যয় প্রতি একক উৎপাদনের সাথে পরিবর্তিত হয় অন্যদিকে স্থায়ী ব্যয় প্রতি একক অপরিবর্তনীয়"। — আপনি কী একমত? ব্যাখ্যা করুন। | ৪ |
| (খ) মুখ্য ব্যয় ও রূপান্তর ব্যয় প্রাসঙ্গিক উদাহরণসহ বর্ণনা করুন। | ৪ |
| (গ) ইংরেজি অংশ দেখুন। | ১২ |
| ৪। (ক) নগদ অর্থ ব্যবস্থাপনার উপায় হিসেবে নগদ বাজেটের উপযোগিতা আলোচনা করুন। নগদ বাজেট প্রস্তুতের অন্তর্নিহিত ধাপগুলো কী কী? | ৬ |
| (খ) ইংরেজি অংশ দেখুন। | ১৪ |
| ৫। (ক) মূলধন বাজেট কী? মূলধন বাজেট প্রক্রিয়ার ধাপগুলো কী কী? | ৬ |
| (খ) ইংরেজি অংশ দেখুন। | ১৪ |
| ৬। (ক) "একটি কোম্পানী লাভজনক হলেও যদি পর্যাপ্ত পরিমাণ নগদ প্রবাহ না থাকে তাহলে উক্ত কোম্পানীটি টিকে থাকতে নাও পারে।" বিবৃতিটি ব্যাখ্যা করুন। | ৬ |
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| ৭। (ক) যে সকল কারণসমূহ একটি কোম্পানীর চলতি মূলধনের প্রয়োজনীয়তার মাত্রা নির্ধারণ করে তা বর্ণনা করুন। | ৬ |
| (খ) ইংরেজি অংশ দেখুন। | ১৪ |
| ৮। (ক) ব্যাংক কর্তৃক ঋণগ্রহীতার আর্থিক বিবরণীসমূহ বিশ্লেষণ করার উদ্দেশ্যসমূহ কী? | ৪ |
| (খ) অনুপাত বিশ্লেষণের সীমাবদ্ধতাসমূহ বর্ণনা করুন। | ৪ |
| (গ) ইংরেজি অংশ দেখুন। | ১২ |
| ৯। (ক) "শেয়ার প্রতি আয় (ইপিএস) একটি কোম্পানির কর্মদক্ষতার একটি গুরুত্বপূর্ণ উপাদান হিসেবে ব্যাপকভাবে বিবেচিত হয়।" বিবৃতিটি ব্যাখ্যা করুন। | ৫ |
| (খ) ইংরেজি অংশ দেখুন। | ৬ |
| (গ) পি/ই অনুপাত কী? পি/ই অনুপাত কীভাবে হিসাবায়ন করতে হয়? | ৪ |
| (ঘ) "একটি প্রতিষ্ঠানের লভ্যাংশ পলিসির সাথে শেয়ারের বাজারমূল্যের প্রত্যক্ষ সম্পর্ক রয়েছে।" বিবৃতিটি ব্যাখ্যা করুন। | ৫ |

১০। সংক্ষিপ্ত টীকা লিখুন (যে কোনো পাঁচটি) :

৪×৫=২০

- | | |
|------------------------------|-------------------------------------|
| (ক) আর্থিক লিভারেজ | (খ) লভ্যাংশ ইন্ড |
| (গ) মূলধন রেশনিং | (ঘ) কন্ট্রিবিউশন মার্জিন |
| (ঙ) লাভজনকতা সূচক | (চ) ইজারা বনাম ক্রয়-ভাড়া অর্থায়ন |
| (ছ) ব্যয় সংকোচন আদেশ পরিমাণ | (জ) নিম্ন খরচ। |