

THE INSTITUTE OF BANKERS, BANGLADESH (IBB)

95th Banking Diploma Examination, 2022

DAIBB

Management Accounting (MA)

Subject Code :

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Time—3 hours and 30 minutes

Full marks—100

Pass marks—50

[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.]

- | | Marks |
|---|-------|
| 1. (a) "Management Accounting helps in planning and control."—Discuss the statement with example. | 12 |
| (b) How Management Accounting is different from Financial Accounting? | 8 |
| 2. (a) Show the differences between Income Statement of a manufacturing concern and trading concern. | 5 |
| (b) Juma Ltd. engaged in assembling refrigerators shows the following data for the six months ended in December 31, 2021: | 15 |

	Taka
Material purchased	20,82,500
Inventories, July 1, 2021 :	
Materials	2,50,000
Finished goods (100 refrigerators)	4,11,500
Direct labour	22,17,400
Factory overhead	8,70,100
Selling expenses	4,28,000
Administrative expenses	4,83,000
Sales (1200 refrigerators)	66,00,000
Inventories, December 31, 2021 :	
Materials	1,50,000

Finished goods (500 refrigerators) no unfinished work on hand.

Required :

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|--|----|
| (i) A statement of cost of goods sold. | |
| (ii) An income statement for the period. | |
| (iii) Gross profit per unit sold. | |
| 3. (a) What is break-even point? Describe the three ways of lowering a break-even point. | 5 |
| (b) Consider two businesses with the following unit prices. | 15 |

Business-A :

	Taka
Selling price per unit	10.00
Variable cost per unit	2.00
Fixed cost per year	50,000.00

Business-B :

	Taka
Selling price per unit	10.00
Variable cost per unit	6.00
Fixed cost per year	25,000.00

Required :

- (1) Calculate the break-even point of each business in units.
- (2) Calculate the profits of each business if sales in units are 20% above the break-even point.
- (3) Which business would be better if sales dropped to 5,000 units? Why?
- (4) Which business would be better if the market collapsed and the price per unit fell to Tk. 5.00? Why?

[Please turn over]

4. (a) Mention the importance of cash flow statement to a banker. Marks 4
 (b) Present below the comparative balance sheet, the income statement and additional information pertaining to the second year of operations for 'K' Company. 16

'K' Company
Comparative Balance Sheet
 December 31

Assets	2021 Taka	2020 Taka
Cash	1,93,000	1,59,000
Accounts receivable	10,000	17,000
Inventory	1,35,000	1,60,000
Prepaid expenses	6,000	8,000
Land	1,80,000	80,000
Equipment	1,60,000	—
Accumulated depreciation—Equipment	(16,000)	—
Total =	<u>6,68,000</u>	<u>4,24,000</u>
Liabilities and stockholders' Equity :		
Accounts payable	57,000	60,000
Accrued expenses payable	15,000	22,000
Income taxes payable	12,000	—
Bonds payable	90,000	—
Common stock	4,00,000	3,00,000
Retained earnings	94,000	42,000
Total =	<u>6,68,000</u>	<u>4,24,000</u>

'K' Company
Income Statement
 December 31, 2021.

	Taka	Taka
Revenues	—	9,78,000
Cost of goods sold	6,60,000	—
Operating expenses (excluding depreciation)	1,76,000	—
Depreciation expenses	18,000	—
Loss on sale of equipment	1,000	8,55,000
Income before income taxes	—	1,23,000
Income tax expenses	—	36,000
Net income		<u>87,000</u>

Additional information :

- (i) In 2021, the company declared and paid a Tk. 35,000 cash dividend.
- (ii) Bonds were issued at face value for Tk. 90,000 in cash.
- (iii) Equipment costing Tk. 18,000 was purchased for cash.
- (iv) Equipment costing Tk. 20,000 was sold for cash at Tk. 17,000 when the book value of the equipment was Tk. 18,000.
- (v) Common stock of Tk. 1,00,000 was issued to acquire land.

Prepare a statement of cash flows for the year ended December 31, 2021 using direct method.

5. (a) What is payback period? What are its main weakness? 4
 (b) Two projects have the following cash flows : 16

Period	project-A Taka	Project-B Taka
0	10,000	10,000
1	5,000	—
2	5,000	—
3	5,000	—
4	5,000	28,000

Required :

- (i) Determine the IRR of each project.
- (ii) Assuming a required rate of return of 10% determine the net present value (NPV) of each project.
- (iii) Which project should be selected?

6. (a) Discuss the utility of cash budget as a tool of the cash management. What are the steps involved in the construction of a cash budget? Marks 6
 (b) Bayazid Corporation, a distributor of a product needs a cash budget for September. The following information is available. 14
 (i) The cash balance at the beginning of September Tk. 10,000.
 (ii) Actual sales for July and August and expected sales for September are as follows :

	July	August	September
	Taka	Taka	Taka
Cash sales	6,500	5,250	7,400
Sales on account	20,000	30,000	40,000
Total sales	<u>26,500</u>	<u>35,250</u>	<u>47,400</u>

Sales on account are collected over a three month period in the following ratio :

10% collected in the month of sales, 70% collected in the month following sales and 18% collected in the second month following sales. The remaining 2% is uncollectable.

- (iii) Purchases are paid for during the month of purchase. The accounts payable remaining from August's inventory purchases total Tk. 16,000 all of which will be paid in September.
 (vi) Selling and administrative expenses are budgeted at Tk. 15,000 for September. Of this amount Tk. 5,000 for depreciation.
 (v) Equipment costing Tk. 18,000 was purchased in cash in September.
 (vi) In September cash dividend of Tk. 3,000 will be paid.
 (vii) The above company will have to keep a surplus of Tk. 6,000. The company in case of necessary, may take loan from its banker for maintaining the above surplus.

Required :

Prepare a cash budget for the month of September. In the statement necessary loan amount should be shown.

7. (a) What do you mean by differential cost? Discuss its features. 4
 (b) A company produces 9,000 units in two shift, the costs of which are as follows : 16

	Taka
Direct materials	2,52,000
Direct labour	1,62,000
Factory overhead	1,08,000
Administrative expenses	72,000
Selling expenses	63,000

75% of factory overhead, 100% of administrative expenses and 70% of selling expenses are fixed. The company wants to start third shift in order to increase production proportionately. If the third shift is started, cost of all raw materials will be reduced by 1%, direct labour rate of the third shift will increase by 30%, fixed factory overhead will increase by Tk. 8,000 and the selling price is to be reduced from Tk. 90 to Tk. 85.

Point out the rationale and profitability of going to the third shift and what qualitative factors need to be considered while taking decision in this regard.

8. (a) Define net working capital. How working capital is financed? 6
 (b) From the following information presented by a manufacturing company, prepare a working capital requirements forecast statement for the coming year : 14
 Expected monthly sales 32,000 units @ Tk. 10 per unit. The anticipated ratio of cost to selling price are :

Raw materials	40%
Labour	30%

Budgeted overhead per week Tk. 16,000. Overhead expenses include depreciation of Tk. 4,000 per week. Planned stock will include raw materials for Tk. 96,000 and 16,000 units of finished goods.

Materials will stay in process for 2 weeks.

Credit period allowed by creditors is 4 weeks.

Credit allowed to debtors is 5 weeks.

Lag in payment of overhead is 2 weeks.

25% of sales may be assumed against cash and cash in hand is expected to be Tk. 35,000.

Assume that production is carried on evenly throughout the year and wages and overheads accrue similarly. A time period of 4 weeks is equivalent to a month.

[Please turn over

- Marks
5
15
9. (a) Discuss the advantages of lease financing.
(b) Daily Shopping is thinking of acquiring a delivery van. For that purpose it is to decide whether the delivery van is to be purchased through 12% borrowing or to be acquired on lease rent basis.
- The price of the delivery van is Tk. 12,00,000. Its annual maintenance cost is Tk. 50,000 per year and expected life is 5 years. It is assumed that the straight line method of depreciation is allowable under Income Tax Act. and tax rate is 35%. The salvage value of the delivery van is Tk. 2,00,000.
- In case of leasing the lease rental is Tk. 4,00,000 for 5 equal annual installments (to be paid in advance) and maintenance expenses to be borne by lessor.
- In case of borrowing loan can be taken from bank or lease financing institutions. Loan installment to be paid annually at the end of the year.
- Which alternative is to be selected by Daily Shopping?
10. Write short notes on any five of the following : 4×5=20
- (a) Inventory Management
(b) Profit/Volume Ratio
(c) Net Present Value (NPV)
(d) Capital Rationing
(e) Budgetary Control System
(f) Revolving Credit
(g) Financial Lease
(h) Just-in-time Management.

[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 |
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| ১। (ক) “ব্যবস্থাপনা হিসাববিজ্ঞান পরিকল্পনা এবং নিয়ন্ত্রণে সহায়তা করে”—উক্তিটি উদাহরণসহ আলোচনা করুন। | ১২ |
| (খ) ব্যবস্থাপনা হিসাববিজ্ঞান কীভাবে আর্থিক হিসাববিজ্ঞান হতে পৃথক? | ৮ |
| ২। (ক) উৎপাদনকারী প্রতিষ্ঠান ও ব্যবসায়ী প্রতিষ্ঠানের আয় বিবরণীর মধ্যে পার্থক্য দেখান। | ৫ |
| (খ) ইংরেজি অংশ দেখুন। | ১৫ |
| ৩। (ক) সমছেদ বিন্দু কী? সমছেদ বিন্দু হ্রাস পাওয়ার তিনটি পদ্ধতি ব্যাখ্যা করুন। | ৫ |
| (খ) ইংরেজি অংশ দেখুন। | ১৫ |
| ৪। (ক) ব্যাংক কর্মকর্তার নিকট নগদ প্রবাহ বিবরণীর গুরুত্ব উল্লেখ করুন। | ৪ |
| (খ) ইংরেজি অংশ দেখুন। | ১৬ |
| ৫। (ক) পে-ব্যাংক পিরিয়ড কী? এর প্রধান দুর্বলতাসমূহ কী? | ৪ |
| (খ) ইংরেজি অংশ দেখুন। | ১৬ |
| ৬। (ক) নগদ ব্যবস্থাপনার উপকরণ হিসেবে নগদ বাজেটের গুরুত্ব সংক্ষেপে আলোচনা করুন। নগদ বাজেট প্রস্তুতের ধাপগুলো কী কী? | ৬ |
| (খ) ইংরেজি অংশ দেখুন। | ১৪ |
| ৭। (ক) পার্থক্যমূলক ব্যয় বলতে আপনি কী বুঝেন? ইহার বৈশিষ্ট্যসমূহ আলোচনা করুন। | ৪ |
| (খ) ইংরেজি অংশ দেখুন। | ১৬ |
| ৮। (ক) নীট চলতি মূলধনের সংজ্ঞা দিন। চলতি মূলধন কীভাবে অর্থাগন করা হয়? | ৬ |
| (খ) ইংরেজি অংশ দেখুন। | ১৪ |
| ৯। (ক) ইজারা অর্থায়নের সুবিধাসমূহ আলোচনা করুন। | ৫ |
| (খ) ইংরেজি অংশ দেখুন। | ১৫ |
| ১০। যে কোনো পাঁচটি বিষয়ের উপর টীকা লিখুন : ৪×৫=২০ | |
| (ক) মজুদপণ্য ব্যবস্থাপনা | |
| (খ) মুনাফা/পরিমাপ অনুপাত | |
| (গ) নীট বর্তমান মূল্য | |
| (ঘ) মূলধন রেশনিং | |
| (ঙ) বাজেটীয় নিয়ন্ত্রণ ব্যবস্থা | |
| (চ) ঘূর্ণমান স্থল | |
| (ছ) আর্থিক লিজ | |
| (জ) যথা সময় ব্যবস্থাপনা। | |