THE INSTITUTE OF BANKERS, BANGLADESH (IBB)
5th Banking Professional Examination, April 2025
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. Different part of a question should be answered in the same place. Use of a non programmable calculator in the examination hall is permissible.]*

Marks

1. *(a)* "Profit maximization is a central goal in Management Accounting driving cost control and Revenue Enhancement" Explain the statement. 6
   (b) "Financial Accounting Reports are highly regulated than Management Accounting Reports" Do you agree? Explain your opinion with relevant examples. 7
   (c) What are the limitations of Management Accounting? Discuss those limitations. 7
2. *(a)* Define Break-even point. How does break-even analysis help credit officer is taking lending decision? 6
   (b) Feather Company distributes a high quality wooden birdhouse that sells for Tk. 20 per units. Variable expenses are Tk. 8 per unit and fixed expenses total Tk. 1,80,000 per year. Its operating results for the last year were as follows : 3+3+4+4=14

Sales	Tk.	4,00,000
Variable expenses		1,60,000
Contribution Margins		2,40,000
Fixed Expenses		1,80,000
Net Operating Income	Tk.	60,000

Required :

Answer each question independently based on the original data :

(i) What is the products CM Ratio.

(ii) Use the CM Ratio to determine the break-even point in taka sales.

(iii) Assume this year's unit sales and total sales increases by 3750 units and Tk. 75,000 respectively. If the fixed expenses do not change, how much will net operating income increase?

(iv) What is the degree of operating leverage based on last year's sales?

[Please turn over

Marks

3\. *(a)* How does zero-based budgeting differ from traditional budgeting? 5

(b) "Budgetary control is a management accounting technique that continuously compares actual results with the budget" Define the statement. 5

(c) Rokon Company has the following forecasted data available : 10

	September (Tk.)	October (Tk.)
Cash sale	40,000	60,000
Sale on credit	77,500	95,000
Cash purchase	20,000	20,000
Purchase on credit	1,00,000	80,000
Purchase discount	6,000	3,000
Accounts Payable beginning	10,000	12,000
Accounts Payable ending	12,000	9,000
Cash operating expenses	46,500	10,000

Net sales on credit are collected 50% in the month of sale 40% in the month of following and 10% in the second following month. Such sales in July and August were Tk. 1,00,000 and 1,20,000 respectively. The estimated September 1 cash balance is Tk. 13,000.

Required :

Prepare a cash budget for September and October.

4\. *(a)* Why capital budgeting is important in taking investment decision? 4

(b) ABC International Ltd. is considering the acceptability of new project that would require procurement of a machine costing Tk. 16,00,000 and a working capital of Tk. 1,00,000. The project is expected to provide benefits for six years. The expected profit before depreciation and tax from the project as below : 16

Year	Profit before depreciation and tax
1	4,50,000
2	5,50,000
3	3,50,000
4	4,00,000
5	2,50,000
6	3,00,000

The policy of the company is to depreciate fixed assets on straight line basis over the period of the asset. Salvage value of the machine is expected to be Tk. 1,00,000. Assumes 55% tax rate and a cost of capital is 10%.

Marks

Required :

Determine the acceptability of the project on the basis of :

(i) Payback Period

(ii) NPV

(iii) IRR

(iv) Profitability Index.

(The present value of Tk. 1 for six years 10% are 0·9091, 0·8264, 0·7513, 0·6830, 0·6209, 0·5645)

5. *(a)* Explain components of working capital. 6

(b) Following data relates to Beta Company : 14

Sales revenue for the year 1,50,000

Cost percentage of sales :

Direct materials	30%
Direct labor	25%
Variable overheads	10%
Fixed overheads	15%
Selling and Admin	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 2 months half produced goods.

Finished goods represent one month productions credit is taken :

Material	2 months
Direct labor	1 weak
Variable overhead	1 month
Salary & admin	1/2 month

Work in process and finished goods are valued of the cost of materials, labor and variable expenses. Assume that the labor force is paid for 50 working weeks each year.

Required : Calculate the working capital requirement of Beta Company (Show calculation).

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Marks

6. Rock Company's comparative balance sheet for this year and last year and the Company's income statement for this year are as follows : 20

Rock Company

Comparative balance sheet

(Taka in million)

Asset	This year	Last year
Current Assets :		
Cash and cash equivalent	Tk. 26	Tk. 10
Accounts receivables	180	270
Inventory	205	160
Pre paid expenses	17	20
Total current assets	428	460
Property plant and equipment	430	309
Less Accumulated Depreciation	218	194
Net property plant and equipment	212	115
Long term investment	60	75
Total assets	700	650
Liabilities and shareholders equity.		
Current Liabilities :		
Accounts payable	Tk. 230	Tk. 310
Accrued liabilities	70	60
Income tax payable	15	8
Total current liabilities	315	378
Bonds payable	135	40
Total liabilities	450	418
Shareholders equity :		
Common stock	140	140
Retained earnings	110	92
Total shareholders equity	250	232
Total liabilities and shareholders equity	700	650

Marks

Rock Company
Income statement
For the year ended 31 December
(Taka in million)

Sales	Tk.	1000
Cost of goods sold		530
Gross Margin		470
Selling and administration expenses		352
Net operating income		118
Non operating items :		
Loss on sale of equipment		4
Income before taxes		114
Income tax		48
Net income	Tk.	66

Additional data :

1. This year Rock company paid a cash dividend.
2. The Tk. 4 million loss on sale of equipment reflects a transaction in which equipment with an original cost of Tk. 12 million and accumulated depreciation of Tk. 5 million was sold for Tk. 3 millions in cash.
3. Rock did not purchase any long-term investments during the year. There was no gain or loss on the sale of long-term investments.
4. This year Rock did not retire any bonds payable or issue or repurchase any common stock.

Required :

Using indirect method, construct a statement of cach flow for this year. 12

7. *(a)* A textile company has Tk. 20·00 lack available for investment. It has evaluated its options and found that only four investments (W, X, Y, Z) have positive net present value. All these investments are entirely independent of one another. However, they have an equal life period of 5 years. The risk free interest rate is 5% per annum. The cost of capital to the company is 10%. The relevant data for the selected investments are :

Investments	Initial outlay	Present value of future cash inflows from investment
W	Tk. 8,00,000	Tk. 10,00,000
X	6,00,000	10,00,000
Y	7,00,000	11,40,000
Z	6,00,000	12,00,000

Which investment (s) should the firm adopt? Would your answer be different if the present value of future cash flows of project 'W' were Tk. 12,50,000 instead of Tk. 10,00,000.

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Marks

(b) The capital budgeting department of a company has suggested 3 investment proposals. The after tax cash flows for each are tabulated below. If the cost of capital is 12% rank them on the basis of the profitability index. 8

After tax cash flow

Year	Project A	Project B	Project C
0	Tk. 20,000	Tk. 60,000	Tk. 36,000
1	5,600	12,000	13,000
2	6,000	20,000	13,000
3	8,000	24,000	13,000
4	8,000	32,000	13,000

8. *(a)* What are the limitations of ratio analysis? 4

(b) Following data relates to victory corporation year ended 2023 : 2×8=16

Balance Sheet

Assets	Amount (Tk.)
Cash	2,10,000
Accounts receivables	3,30,000
Stock	12,30,000
Plant & equipment	16,95,000
	34,65,000
Liabilities and Equity	
Accounts payable	9,00,000
10% debenture	5,00,000
Share capital (Tk. 100 each)	11,00,000
Retained earnings	9,65,000
	34,65,000
Other related information from income statement :	
Sales	56,00,000
Cost of goods sold	40,00,000
Other operating expenses	8,00,000
Interest expenses	40,000
Income tax	3,00,000
Dividend income	1,50,000

Required to calculate :

(i) Current ratio
(ii) Quick ratio
(iii) Gross profit margin
(iv) Net profit margin
(v) Asset turnover ratio
(vi) Receivable turnover ratio
(vii) Times interest earned
(viii) Debt to equity ratio.

Marks

9. (a) Differentiate between/among the following terms : 2×3=6
(i) Pay back period and average collection period.
(ii) Cash Budget and capital budget.
(iii) Marginal cost, fixed cost and opportunity cost.
(b) Robe corporations current ratio is 2·8. It's working capital is 1,62,000. 2×2 =4
Determine :
(i) Current asset
(ii) Current liabilities.
(c) You are given the cost and volume information below : 2

Volume	**Cost**
1 unit	15
10 unit	150
100 unit	1500

What type of cost is given? Explain your answer in brief.
(d) Calculate the Earning Per Share (EPS) from the following : 4
Net profit before tax : Tk. 5,00,000
Tax rate is 40% of net profit
Equity share Tk. 10 lack
Face value Tk. 20 per share
5,000, 8% preference share of Tk. 100 each.
(e) Green Leaf PLC. has three product lines A, B and C. 4
You are given the following information :

	A	B	C	Total (Tk.)
Sales	10,000	9,000	12,000	31,000
Variable cost	4,500	7,000	6,000	17,500
Contribution margin	5,500	2,000	6,000	13,500
Fixed cost	3,500	6,000	3,000	12,500
Net income	2,000	(4,000)	3,000	1,000

As the product line 'B' is unprofitable, management is considering discontinuation of the line. Determine the amount of Net Income of the given situation.

10. Write short notes on any **five** of the following : 4×5=20
(a) Prime cost
(b) Operating leverage
(c) Just-in-Time Management
(d) Management Report
(e) Horizontal Analysis
(f) Flexible Budget
(g) Revolving Credit
(h) Master budget and Rolling budget.

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[বাংলা অনুবাদ]

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

			নম্বর
১।	(ক)	"মুনাফা সর্বোচ্চকরণ হল ব্যবস্থাপনা হিসাববিজ্ঞানের মূল লক্ষ্য যা ব্যয় নিয়ন্ত্রণ ও আয় বৃদ্ধির মাধ্যমে করে থাকে।" বিবৃতিটি ব্যাখ্যা করুন।	৬
	(খ)	"আর্থিক হিসাববিজ্ঞানের প্রতিবেদনসমূহ ব্যবস্থাপনা হিসাববিজ্ঞানের চেয়ে বেশি নিয়ন্ত্রিত" আপনি কি একমত? প্রাসঙ্গিক উদাহরণসহ আপনার মতামত ব্যাখ্যা করুন।	৭
	(গ)	ব্যবস্থাপনা হিসাববিজ্ঞানের সীমাবদ্ধতা কী কী? সীমাবদ্ধতাগুলো আলোচনা করুন।	৭
২।	(ক)	সমচ্ছেদ বিন্দু বর্ণনা করুন। সমচ্ছেদ বিন্দু বিশ্লেষণ কীভাবে ঋণ কর্মকর্তাকে ঋণ প্রদান সংক্রান্ত সিদ্ধান্ত গ্রহণে সহায়তা করে?	৬
	(খ)	ইংরেজি অংশ দেখুন।	১৪
৩।	(ক)	সনাতনী বাজেটের তুলনায় শূন্যভিত্তিক বাজেটের পার্থক্য কী?	৫
	(খ)	" বাজেটারি নিয়ন্ত্রণ হলো ব্যবস্থাপনা হিসাববিজ্ঞানের একটি কৌশল যা ক্রমাগত প্রকৃত ফলাফলের সাথে বাজেটের তুলনা করে" বিবৃতিটি বর্ণনা করুন।	৫
	(গ)	ইংরেজি অংশ দেখুন।	১০
৪।	(ক)	বিনিয়োগ সিদ্ধান্ত নেয়ার ক্ষেত্রে মূলধন বাজেটিং কেন গুরুত্বপূর্ণ?	৪
	(খ)	ইংরেজি অংশ দেখুন।	১৬
৫।	(ক)	চলতি মূলধনের উপাদানসমূহ বর্ণনা করুন।	৬
	(খ)	ইংরেজি অংশ দেখুন।	১৪
৬।		ইংরেজি অংশ দেখুন।	২০
৭।	(ক)	ইংরেজি অংশ দেখুন।	১২
	(খ)	ইংরেজি অংশ দেখুন।	৮
৮।	(ক)	অনুপাত বিশ্লেষণের সীমাবদ্ধতাসমূহ কী কী?	৪
	(খ)	ইংরেজি অংশ দেখুন।	১৬
৯।	(ক)	ইংরেজি অংশ দেখুন।	৬
	(খ)	ইংরেজি অংশ দেখুন।	৪
	(গ)	ইংরেজি অংশ দেখুন।	২
	(ঘ)	ইংরেজি অংশ দেখুন।	৪
	(ঙ)	ইংরেজি অংশ দেখুন।	৪
১০।		সংক্ষিপ্ত টীকা লিখুন (যে কোনো পাঁচটি) : ইংরেজি অংশ দেখুন।	৪×৫=২০