

Govt. Shamsur Rahman College

Goshairhat, Shariatpur.

Department of Accounting

MBA Preliminary to Master's

Pre-Test examination- 2021

Subject: Management Accounting

Subject code: 412503

Time: 4 hours

Full marks:80

Part-A

Answer any ten questions

1×10=10

1.(a) Elaborate: ICMAB.

(b) What are the elements of cost?

(c) What is conversion cost?

(d) What is variance?

(e) What is activity based Management?

(f) What is master budget?

(g) What is margin of safety?

(h) What is budgetary control?

(i) What is zero budget?

(j) What is capital rationing?

(k) What is relevant costing?

(l) What is cash budget?

Part-B

Answer any five questions

5×4=20

2.What are the differences between financial accounting & management accounting.

3.What factors will you consider at the time of make or buy decision.

4. What are the differences between budget & forecast.

5. In 2016 Tamim company had sales of Tk 19950000 with Tk 11571000 variable and Tk 7623000 fixed costs. In 2017 sales are expected to decrease 15% and the cost relationship is expected to remain constant.(the fixed cost will not change)

Determine tanjim company's operating income or loss for 2017

6.Nabil ltd. has the following data:

Details	Year-1	Year-2
Beginning inventory as per variable costing	Nil	40000
Beginning inventory as per absorption costing	Nil	58000
Ending inventory as per variable costing	40000	Nil
Ending inventory as per absorption costing	58000	Nil
Profit as per variable costing	50000	50000
Profit as per absorption costing	68000	32000

Prepare a reconciliation statement

7.Munnu ceramics company has fixed expenses of Tk 90000 with sales at Tk 300000 and a profit of Tk 60000. If in the next period the company suffered a loss of Tk 30000. Calculate the sales volume

8. Toky company Ltd. is examining the profitability of investing in new project. The following information is available in respect of the project:-

Investment

1260000

Residual value	60000
Expected life	20 years
Pre tax profit per year	180000
Tax rate	50%

Required: (i) Annual cash inflow

(ii) PBP

(iii) ARR

9. Discuss the advantage of flexible budget

Part-C

Answer any five questions

5×10=50

10. (a) What is product life cycle management? State the steps of product life cycle.

(b) What is value chain? Name the six primary business functions that make up the value chain

11. The following information is available in the book of accompany for the year ended 2018:

Sales 150000 kg, Sales price Tk 20 per kg

Finished goods inventory (01-01-2018) 24000 kg

Finished goods inventory (31-12-2018) 35000 kg

Manufacturing cost:

Variable cost per kg Tk 8

Fixed factory overhead Tk 160000 (normal capacity 160000 kg)

Marketing and administrative expenses:

Variable cost per kg of sales Tk 1.00

Fixed marketing and administrative expenses Tk 300000

Standard costing system is used

Required:

(i) Income statement under variable costing

(ii) Income statement under absorption costing

12. From the following details against production of 8000 units in 2016, prepare flexible budget for 10000 and 12000 units for 2016:

Details	Tk
Materials	40000
Direct expenses	16000
Wages	24000
Factory expenses	20000
Administrative expenses	40000
Selling expenses	30000
Sales	240000

Materials cost is likely to go up by 2% per unit. Administrative expenses may go up by 5% due to normal increment. Selling expenses rise by 5% against increased of 20% or any part there of above 8000 units. All selling prices are to be reduced by 10% if production above 10000 units is to be sold.

13.(a) Only variable cost can be differential cost. Do you agree? Explain

(b) Bedhan chemical company has sales of Tk 120000, a margin of safety 40% and p/v ratio 30% during the current year. The company expect that next year the fixed cost and the sales price will increase. As a result the margin of safety and p/v ratio will change to 35% and 40% respectively.

Required:

(i) The present break even sales

- (ii) The amount of current profit
- (iii) The break even sales next year
- (iv) The amount of profit next year

14.(a) Discuss the essentials of a good budgetary control.

(b) Taj chemical company is considering a project which requires an investment of Tk 40000. The estimated salvage value is zero. Tax rate 50%, cost of capital 10%. The company uses straight line depreciation and proposed product cash flows before tax as follows:

At the end of the year	1	2	3	4	5
CFBT (Tk)	10000	10000	15000	15000	25000

Determine PBP and IRR if cost of capital is 10%

15.(a) Integrity is more important for business professionals than it is for business students, Do you agree? Explain

(b) Discuss the cost classification for decision making.

On December 31 of last year, there were 80000 kgs of raw materials on hand and 5600 units of finished goods

You are required to prepare:

(i) Budget for production

(ii) Budget for purchase of raw material in units for a many months as possible

16.(a) Discuss the purpose of cash budget.

(b) Modern furniture has the following forecasted data:-

Details	September	October
Cash sales	40000	60000
Sales on credit	77500	95000
Cash purchase	20000	20000
Purchase on credit	100000	80000
Purchase discount	6000	3000

Account payable (beginning)	10000	12000
Account payable (ending)	12000	9000
Operating expenses	46000	10000

Net sales on credit are collected 50% in the month of sales, 40% in the month of following and 10% in the second following month. Such sales in July and August were Tk 100000 and 120000 respectively. The estimated cash in September is Tk 13000

Required: Prepare a cash budget for the month of September and October

17.(a) Define management by exception.

(b) Discuss the advantage of standard cost.

(c) A chemical mixture PX is prepared by mixing chemical P and chemical X in the proportion of 1:5. The standard prices of these chemicals are Tk 5 and 0.50 per kg respectively. During the last production run 7140 kg of P were mixed with 40320 kg of X

Compute the material mix variance

