

MBA (Maritime Management) - SEM II

Subject: FC205 Costing and Financial Management

TIME: 2.5 Hours

DATE: 24/04/2024

MARKS: 70

- Q-1** (A) "Cost accounting is an unnecessary luxury for business establishment"- Discuss this statement along with suitable practical example.
 (B) Define financial management and discuss scope of finance with suitable practical example along with discuss responsibilities of finance manager.

- Q-2** A) From the following information of Tulsian Limited, Calculate Gross Operation Cycle, Net Operating Cycle and Number of Operating Cycle in a Year.

Particulars	Rs.
Raw Material Inventory consumed during the year	60,00,000
Average Stock of raw material	10,00,000
Factory cost of goods produce	1,05,00,000
Average stock of work in progress	4,37,500
Office cost of goods produce	1,14,00,000
Average stock of finished goods	9,50,000
Average trade debtors	11,25,000
Cost of credit sales	90,00,000
Average Trade Creditors	5,00,000
Expenses for the year	30,00,000
Average Creditors for Expenses	5,00,000
Number of working days in a year	360 Days

OR

- B) (1) Man borrowed Rs.3,00,000 from state Bank of India to finance the purchase of a car for 10 years. Assuming the rate of interest on such loans at 12% per annum, find out the amount of annual installment.
- (2) Mr. x borrowed Rs.1,00,000 to be paid in 5 equal annually installment (principal + interest).the rate of interest is 15% prepare an loan amortization schedule.

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Q-3	<p>A) From the following information, calculate weighted average overall cost of capital using (a) book value weights and (b) market value weight.</p> <table border="1"> <thead> <tr> <th>Source</th><th>Book value (Rs)</th><th>Market value</th></tr> </thead> <tbody> <tr> <td>Equity share capital</td><td>45,000</td><td>90,000</td></tr> <tr> <td>Retained earnings</td><td>15,000</td><td>---</td></tr> <tr> <td>Preference share capital</td><td>10,000</td><td>10,000</td></tr> <tr> <td>Debenture</td><td>3,00,000</td><td>30,000</td></tr> </tbody> </table> <p>After tax cost of different sources of finance is as follows:</p> <p>Equity share capital: 14%</p> <p>Retained Earnings: 13%</p> <p>Preference Share capital: 10%</p> <p>Debenture: 5%.</p>	Source	Book value (Rs)	Market value	Equity share capital	45,000	90,000	Retained earnings	15,000	---	Preference share capital	10,000	10,000	Debenture	3,00,000	30,000					
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B)	<p>Vijay Limited a Product X on 1st January 2024 there were 5000 units of Finished Product in Stock. Other stock on 1st January 2024 are as follow as:</p> <table> <tbody> <tr> <td>Work in progress</td><td>Rs. 57,400</td></tr> <tr> <td>Raw material</td><td>Rs. 1,16,200</td></tr> </tbody> </table>		Work in progress	Rs. 57,400	Raw material	Rs. 1,16,200															
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<p>There are 15,000 units of finished stock in hand on 31st December 2023.</p> <p>You are required to prepare a statement of cost and profit assuming that opening stock of finished goods is to be valued at the same cost per unit as the finished stock at the end of the period.</p>																					
Q-4	<p>A) A transport service company is running 4 buses between Delhi and Merut covering a distance of 100 km. The seating capacity of each bus is 40 passengers. The following particulars were obtained from their books for March, 2023:</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>Rs.</th></tr> </thead> <tbody> <tr> <td>Wages of drivers, conductors</td><td>19,200</td></tr> <tr> <td>Salaries of office staff</td><td>06,000</td></tr> <tr> <td>Diesel oil and other oil</td><td>32,000</td></tr> <tr> <td>Repairs and maintenance</td><td>06,400</td></tr> <tr> <td>Road Taxation and insurance</td><td>12,800</td></tr> <tr> <td>Depreciation</td><td>20,800</td></tr> <tr> <td>Interest and other expenses</td><td>16,000</td></tr> <tr> <td>Honorarium to accountant</td><td>02,000</td></tr> </tbody> </table>		Particulars	Rs.	Wages of drivers, conductors	19,200	Salaries of office staff	06,000	Diesel oil and other oil	32,000	Repairs and maintenance	06,400	Road Taxation and insurance	12,800	Depreciation	20,800	Interest and other expenses	16,000	Honorarium to accountant	02,000	
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Actually, passengers carried were 75% of seating capacity. All buses ran for 30 days. Each bus made one round trip per day. Find out the cost per passenger-km.

OR

A) (1) The following information relates to Mita Co. Ltd.:

Year	Sales (Rs.)	Total cost (Rs.)
2021	1,20,000	1,29,000
2022	1,80,000	1,65,000

Find out:

1. Profit-Volume Ratio.
2. Fixed cost and Variable cost in the year 2022.
3. Break-even point (in rupees).
4. Probable profit on a sale of Rs. 2,40,000.
5. Probable sale when the loss is Rs. 3,000.

(2) The following information is available of Jisan Ltd:

Particulars	Product A per unit (Rs.)	Product B per unit (Rs.)
Contribution (Rs.)	50	66
Direct Labour hours	10	12

Direct labour hours is key factor. Only 2,00,000 labour hours are available. Maximum production capacity of the company for product A and B is 10,000 unit and 12,000 units respectively. Fixed expenses of the company are Rs. 6,50,000.

Find out the production mix which will yield maximum profit, Also calculate the amount of maximum profit.

Q-5 Reshma Ltd. thinks to launch a project. For this, two alternative plans are available viz. Plan 1 and plan 2.

For each plan initial investment will be RS 300000. Project's life is five years. Depreciation is calculated at SLM and rate of taxation is 50%.

Annual cash flow (before deduction of depreciation and taxation) will be as under:

YEAR	PLAN A	PLAN B
1	120000	150000
2	120000	150000
3	120000	120000
4	120000	120000
5	120000	60000

Evaluate both the projects on following methods:

- 1) Pay back method
- 2) Average rate of return
- 3) Net present value

Present value of re 1 at 10% discount rate is as follows:

Year	1	2	3	4	5
Present value	0.909	0.826	0.751	0.683	0.621

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