

MBA (Maritime Management) - SEM II

Subject: FC205 Costing and Financial Management

TIME: 2.5 Hours	DATE: 24/04/2024	MARKS: 70
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Q-1	<p>(A) "Cost accounting is an unnecessary luxury for business establishment"- Discuss this statement along with suitable practical example.</p> <p>(B) Define financial management and discuss scope of finance with suitable practical example along with discuss responsibilities of finance manager.</p>																										
Q-2	<p>A) From the following information of Tulsian Limited, Calculate Gross Operation Cycle, Net Operating Cycle and Number of Operating Cycle in a Year.</p> <table><tr><th>Particulars</th><th>Rs.</th></tr><tr><td>Raw Material Inventory consumed during the year</td><td>60,00,000</td></tr><tr><td>Average Stock of raw material</td><td>10,00,000</td></tr><tr><td>Factory cost of goods produce</td><td>1,05,00,000</td></tr><tr><td>Average stock of work in progress</td><td>4,37,500</td></tr><tr><td>Office cost of goods produce</td><td>1,14,00,000</td></tr><tr><td>Average stock of finished goods</td><td>9,50,000</td></tr><tr><td>Average trade debtors</td><td>11,25,000</td></tr><tr><td>Cost of credit sales</td><td>90,00,000</td></tr><tr><td>Average Trade Creditors</td><td>5,00,000</td></tr><tr><td>Expenses for the year</td><td>30,00,000</td></tr><tr><td>Average Creditors for Expenses</td><td>5,00,000</td></tr><tr><td>Number of working days in a year</td><td>360 Days</td></tr></table> <p style="text-align: center;"><u>OR</u></p> <p>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.</p> <p>(2) Mr. x borrowed Rs.1,00,000 to be paid in 5 equal annually installment (principle-interest).the rate of interest is 15% prepare an loan amortization schedule.</p>	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
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Q-3

A) From the following information, calculate weighted average overall cost of capital using (a) book value weights and (b) market value weight.

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

After tax cost of different sources of finance is as follows:

Equity share capital: 14%

Retained Earnings: 13%

Preference Share capital: 10%

Debenture: 5%.

OR

B) 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:

Work in progress

Rs. 57,400

Raw material

Rs. 1,16,200

Available information on 31st December 2023 as follow:

Particulars	Rs.
Direct Materials	9,06,900
Direct Labour	3,26,400
Freight on Raw Material Purchased	55,700
Indirect Labour	1,21,600
Other Factory Overheads	3,17,300
Stock on Raw Material as on 31-12-2023	96,400
Work in progress on 31-12-2023	78,200
Sales (1,50,000 units)	30,00,000
Indirect Materials	2,13,900

There are 15,000 units of finished stock in hand on 31st December 2023.

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.

Q-4

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:

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

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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