



AJEENKYA

D Y PATIL UNIVERSITY

End Term Examinations (APRIL 2019)

School : School of Management

Program: BBA – Financial Services

Course: Management Accounting

Course Code: COM201

Semester: IV

Max Marks: 70 Marks

Duration (mins) : 150 (mins)

Note : 1. Figures to the right indicates full marks.

2. Attempt any Four from Q1 to Q5

Q 1. A firm has a sales of Rs. 75,00,000 , variable cost Rs.42,00,000 and fixed cost of 6,00,000. it has a debt of Rs. 45,00,000 at 9% and equity of Rs. 55,00,000. (15 M)

(a) What are the operating financial and combined leverages of the firm?

(b) If the sales drop to Rs. 50,00,000 what will be the value of new EBIT.

Q 2. The balance sheet and Income statement of Pascal Ltd. Are given below: (15M)

| Balance Sheet | | | |
|------------------------------|--------|---------------------|--------|
| Liabilities | Rs. | Assets | Rs |
| Equity capital of Rs.10 each | 300000 | Fixed Assets | 350000 |
| Long Term Debts | 100000 | Stock | 65000 |
| Account payable | 80000 | Accounts Receivable | 60000 |
| Other current liabilities | 20000 | Cash | 25000 |
| | 500000 | | 500000 |

| Income Statement | | |
|---|----------|----------|
| Particulars | Rs | Rs |
| Sales | | 9,00,000 |
| Less: cost goods sold | 4,00,000 | |
| Gen.administration and selling expenses | 1,00,000 | |
| All Other Expenses | 2,50,000 | 7,50,000 |
| Net Income | | 2,50,000 |

You are required to calculate : 1. Current market price per share if P/E is 8
2. Current Ratio 3 Net Working Capital 4. Current Assets/ Total Assets
5. Current liabilities /Total Assets.

Q 3. The following information is available in respect of A textile Ltd .(Rs.In.Lacs) (15 M)

| Particulars | Jan | Feb | Mar | Apr | May | Jun |
|-------------------------|-----|-----|-----|-----|-----|-----|
| Sales | 40 | 50 | 60 | 60 | 60 | 40 |
| Purchase(R.M) | 15 | 16 | 18 | 18 | 18 | 16 |
| Direct labour | 06 | 07 | 08 | 08 | 08 | 06 |
| Manufacturing Expenses | 13 | 13 | 14 | 14 | 14 | 13 |
| Administrative Expenses | 02 | 02 | 02 | 02 | 02 | 02 |
| Distribution Expenses | 02 | 03 | 04 | 04 | 04 | 02 |

The following financial flows are expected during the period.

- Interest to be received in January Rs.2 lakhs.
- Dividend to be received during March Rs.2 Lakhs.
- Sales of investment in june –Rs.60 lakhs.
- Interest to be paid in February Rs.1 lakhs
- Dividend to be paid in april Rs 4 lakhs
- Instalment payment on machine to be paid in june Rs 20 lakhs

Assume that 10% of the sales are on cash, the balance 90% are on credit. The term and credit experience of the company are :-

1. No cash discount.
2. 1% of credit sales are returned by the customers.
3. 1% of the total account receivables is bad debts.
4. 50% of accounts that are going to pay do so within 30 days
5. 100% of all accounts that are going to pay do so within 60 days
6. Raw materials are purchased on 30 days credit.

Balance is to be maintained by the end of the month by borrowing temporarily from bank in multiples of Rs.10,000(ignore interest)

Prepare a cash budget from March to June.

Q4. Discuss the difference between Marginal Costing and Absorption Costing (15 M)

Q5.Discuss the importance of ratios and various types of ratio's (15 M)

Q6. Short note (any two) (10 M)

- a) BEP
- b) Current ratio
- c) Financial Leverage
- d) Working Capital
- e) Depreciation

