



### CII Institute of Logistics

Certificate Course in General Management  
Semester-end Examination June 2008

#### FINANCE AND ACCOUNTS FOR LOGISTICIANS

Time : Three Hours

Marks : 100

#### Part A

Answer all questions (10 x 1 = 10 Marks)

Choose the right Answer:

- Net worth is
  - Fixed assets
  - Assets – outside liabilities
  - Fixed assets + current assets
  - Reserves + Share Capital
- Which of the following will appear both in P&L a/c and balance sheet ?
  - Prepaid expenses
  - closing stock
  - insurance expenses
- Observing changes in Financial variables across the years is
  - Vertical analysis
  - Horizontal analysis
  - Inter firm comparison
- In fund flow statement, which one of the following is to be shown as 'source '
  - Increase in creditors
  - Increase in stock
  - Decrease in term loans
  - Increase in Debtors
- Depreciation in initial years will be more in
  - straight line method
  - WDV method
  - sinking fund method
- Sales budget is a
  - Functional budget
  - Master budget
  - Expenditure budget
- Internal rate of return is

- A project appraisal method
  - A method to find out Return on Investment
  - A method to find out cost of capital
  - None of the above
- Net working capital denotes
    - current assets
    - current assets minus current liabilities
    - capital minus reserves
  - Fixed assets includes
    - Stock
    - Furniture
    - Prepaid expenses
  - Prepaid expenses are treated as
    - Current assets
    - Administrative expenses
    - Long term assets
    - Miscellaneous expenses

#### Part B

Answer any THREE questions (3 x 15 = 45)

- What do you mean by Trading account and P&L account? What are major contents of these accounts? What are the accounts taken to balance sheet from Trading & P&L account ?
- Explain any three methods of inventory valuation
  - Following are the data collected from the inventory books of a company

Details	No of units	Cost per unit (Rs.)	Total cost (Rs.)
Beginiig inventory	100	80	8000
First purchase March	50	90	4500
2 <sup>nd</sup> Purchase in June	50	100	5000
3 <sup>rd</sup> purchase in Oct	50	120	6000
4 <sup>th</sup> Purchase in Dec	50	130	6500

Available for sale	300		<u>30000</u>
Units sold	<u>180</u>		
Units in ending inventory	120		

Work out the value of inventory under a) FIFO b) LIFO and c) Weighted Average method and compute gross profits under these methods

- List three items often encountered in reconciling a bank account which may cause cash as per bank statement to be larger than the balance of cash shown in the accounts
- A trader purchased the following units during the month of January

Jan 1: 500 units at the rate of Rs 120 / unit  
 Jan 2: 300 units at the rate of Rs 105 / unit  
 Jan 15: 250 units at the rate of Rs 100 / unit  
 Jan 20: 350 units at the rate of Rs 125 / unit

He sold the following units of goods from the inventory during January

2-Jan	-	210 units
5-Jan	-	150 units
7-Jan	-	135 units
11-Jan	-	220 units
18-Jan	-	70 units
21-Jan	-	310 units
25-Jan	-	115 units

Arrive at valuation of stock under FIFO / LIFO & Weighted average method

- Solve the problem under American accounting equation method:

Particulars	Rs.
Commenced Business with	10,000
Bought goods	2,000
Bought goods from Kamal	3,000
Paid rent	500
Sold goods costing Rs. 4500 for	6,000
Paid Commission	300
Drew for personal use	600
Paid salary	500
Sold goods costing Rs. 500 to Kadher for	600

Show Accounting equation.

### Part C

Answer All questions (3 x 15 = 45)

- Company "A" has the option of either selling a product in a semi finished form or processing it further. The following information is available. Advise the management :

Selling price per unit of semi finished product	Rs 5
Selling price per unit of finished product	Rs 10
Variable cost per unit for further processing	Rs 2
Fixed cost associated with the decision for further processing	Rs 15000
No of units that can be processed further	6000

2. Prepare a Funds Flow Statement from the following:

Balance Sheet of 31<sup>st</sup> December

Liabilities	I year Rs.	II year Rs.	Assets	I year Rs.	II year Rs.
Current Liabilities	30,000	32,000	Bills receivable	10,000	20,700
Bonds payable	22,000	22,000	Cash	40,000	44,400
Bonds payable disc.	(2,000)	(1,800)	Acc.depn	(5,000)	(2,800)
Capital stock	35,000	43,500	Land	4,000	4,000
Retained earnings	15,000	19,500	Building	20,000	16,000
			Equipment	15,000	17,000
			Patents	1,000	900
			Inventories	15,000	15,000
	1,00,000	1,15,200		1,00,000	1,15,200

Additional information:

- i) Income for the period Rs. 10,000
- ii) A Building that cost Rs. 4,000 and book value of Rs. 1,000 is sold for Rs. 1,400.
- iii) The depreciation charged for the period was Rs. 800.
- iv) There was Rs. 5,000 issue of capital stock.
- v) Cash dividend of Rs. 2,000 and stock dividend Rs. 3,500 were declared.
- vi) Tax paid Rs. 1,000.

3. GG Limited finds that its opening balance of Rs 180000 as on Jan 1 has been converted into an overdraft of Rs 75000 by the end of the year. From the information given below, prepare a statement to show how this happened:

Details	Year beginning	Year ending
Fixed assets	750000	1120000
Stock in trade	190000	330000
Book debts	380000	335000
Trade creditors	270000	350000
Share capital	250000	300000
Share premium		25000
Bills receivable	87500	95000

The profit before depreciation and income tax was Rs 240000. During the year, income tax to the extent of Rs 137500 was paid. Dividend paid were a) final on the capital as on Jan 1 at 10 % and interim at 5 % on the year end capital