



CII Institute of Logistics
PGDSCM & Certificate Programs
Semester-end Examination – June 2009

Finance and Accounts for Logisticians

Time: Three Hours

Marks : 100

Part A

Answer all questions (20 x 1 = 20 Marks)

- 1) The Accounting assumptions ----- is called “continuing to be in operation foreseeable future”.
 - a) Dual concept
 - b) Going Concern Concept
 - c) Consistency concept
 - d) Consistency Concept.
- 2) GAAP stand for -----
 - a) General Audit and Accounting Principle
 - b) General Accounting and Audit Principle.
 - c) Generally Accepted Accounting Principles
 - d) Generally Accepted Audit Principles.
- 3) NBFC-----
 - a) National Bank and Finance Company.
 - b) National Banking & Financial Corporation.
 - c) Non-Banking Financial Corporation.
 - d) Non-Banking Financial Company.
- 4) Good will is a ----- (specify).
 - a) Current Asset
 - b) Intangible Asset
 - c) Asset
 - d) Tangible Asset.
- 5) Sources of Funds are. (Find out the Odd one)
 - a) Sale of Old Machinery
 - b) Purchase of Machinery.
 - c) Loan from Bank
 - d) Bank Overdraft.
- 6) Marketable Securities are Quick Current Assets YES / NO
- 7) Patents and Trademarks are Tangible Assets YES / NO
- 8) Share Holders funds = Share Capital + Reserves and Surplus YES / NO
- 9) Equity = Owners fund or money YES / NO
- 10) Bill of exchange accepted by the firm usually for goods purchased YES / NO

- 11) Accounting Period is Its January to 31st December TRUE / FALSE
- 12) Retained Earnings = Reserves and Surplus TRUE / FALSE
- 13) Bad Debts = Collected Balance at the close of the accounting period TRUE / FALSE
- 14) Salvage Value = The expected sales value of the assets at the end of useful life. TRUE / FALSE
- 15) Depreciation = Physical deterioration of plant or machinery TRUE / FALSE

Match the Following.

16	Accounting Rate of Return	(a) Future income can be related to the Understanding of the compounded rate of Interest.
17	Pay Back Period	(b) We derive the discounting rate at which the aggregate of the PVs of all the future cash inflows equals the present cash outflows of the proposal.
18	Internal Rate of Return	(c) It is the relationship between the present Values of net cash inflows and the present Value of cash outlays.
19	Net Present Value	(d) The average of annual profits thus Derived is worked out on the basis of the Period of the life of the project.
20	Profitability Index	(e) The total period within which the total Amount invested will be recovered.

Part B

Answer any FOUR

Marks: 4 x 10 =40

- 1) Explain the following terms:
 - a) Retained Earnings
 - b) Project analysis
 - c) BEP analysis
 - d) Working capital
- 2) Calculate BEP: Fixed Expenses Rs.2, 00,000 Variable Cost Rs.10 Selling price per unit Rs.16.
- 3) What do you mean by Budgeting? Explain the different types of budgeting.
- 4) Reliance Ltd. Purchased a machinery for Rs.1,00,000 on 1st April 2002. The company purchased a second machinery on 1st Jan.2003 for Rs.50,000. On 1st June 2004 it sold the 1st machinery for Rs.80,000. The company follows the straight line method of depreciation. The rate of Depreciation is 10%. Draw the machinery account up to 1st April 2005.

- 5) "Ratios are the tools which will help the management in taking decisions"- Discuss
- 6) What are the primary sources of funds? Explain in detail.

Part C

Case Study

Answer all FOUR

Marks: 4 x 10 =40

ABC Ltd., propose to purchase a machinery for Rs.1,00,000. There are two alternatives available in the market. The Finance Manager has to choose the best among the alternatives available. The cash inflow of the machineries is as follows;

Year	Machine –A Cash Inflow	Machine-B Cash Inflow
1	20,000	60,000
2	30,000	50,000
3	40,000	40,000
4	50,000	30,000
5	60,000	20,000

The company's expected rate of return is 10%.

Present Value Table: Discounting factor at 10%.

1	2	3	4	5
0.909	0.826	0.751	0.683	0.621

Calculate the following for Machine A & B

1. Pay Back Period
2. Net Present Value Method
3. Profitability Index Method
4. Which machinery you will recommend?
