



CII Institute of Logistics
PGDSCM & Certificate Programs
Semester-end Examination – June 2010

FINANCE AND ACCOUNTS FOR LOGISTICIANS

Time: Three Hours

Marks: 100

Part A

Answer all questions

(10 x 1 = 10 Marks)

- 1) _____ is the language of business.
 - a) Ledger
 - b) Journal
 - c) Trail Balance
 - d) Accounting
- 2) It is a systematic process of minimizing income taxes by considering advance tax consequences and alternative business and investment actions.
 - a) Gross Income
 - b) Net Income
 - c) Tax Planning
 - d) Taxable Income
- 3) Stock at the end result in
 - a) Application of Funds
 - b) Source of Funds
 - c) Income
 - d) Asset
- 4) _____ ratios which measure a firm's ability to meet its maturing short-term obligations.
 - a) Profitability
 - b) Leverage
 - c) Activity
 - d) Liquidity
- 5) Fixed Cost is Rs.10,000. P.V ratio is 50% BEP will be,
 - a) Rs. 20,000
 - b) Rs. 10,000
 - c) Rs. 40,000
 - d) Rs. 30,000
- 6) _____ is the level of sales (Volume or Value) where total costs and Total revenue are equal.
 - a) Margin of safety
 - b) CVP
 - c) BEP
 - d) Gross Sales
- 7) Depreciation is included in the cost, in case of
 - a) Pay Back Period method
 - b) ARR method
 - c) NPV method
 - d) Profitability Index method.
- 8) _____ is the present value of future cash inflows divided by the present value of the initial outlay.
 - a) NPV method
 - b) Profitability Index method
 - c) Pay Back Period method
 - d) IRR method.
- 9) Working Capital means
 - a) Share Capital
 - b) Current Assets + Current Liabilities
 - c) Share Capital + Reserves
 - d) Current Assets – Current Liabilities

- 10) Net worth is
- a) Fixed Assets
 - b) Assets – Outside liabilities
 - c) Fixed Assets + Current Assets
 - d) Share holders Capital + Reserves & Surplus

Part B

Answer any FOUR (4 x 15 =60 Marks)

- 1) "Financial Statements are most useful if they report only the value of assets that are tangible"- Do you agree? Discuss in detail.
- 2) What information can a reader gain from a statement of changes in financial position that is not apparent from reading an income statement?
- 3) What are the Liquidity ratios? Explain in detail with illustrations.
- 4) Explain the following
 - a) CVP analysis
 - b) BEP
 - c) Margin of Safety
- 5) From the following Information, prepare a Balance Sheet.

a. Working Capital	Rs.75, 000
b. Reserves & Surplus	Rs.1, 00,000
c. Bank over Draft	Rs. 60,000
d. Current Ratio	1.75
e. Liquidity Ratio	1.15
f. Fixed Assets to proprietors funds	0.75
g. Long –term liabilities	Nil
- 6) From the following date calculate:
 - a. P/V ratio
 - b. Profit when sales are Rs.20, 000
 - c. New Breaks Even point if selling price is reduced by 20%

Fixed Expenses Rs.4, 000
Break –Even Sales Rs.10, 000

Part C

Answer all the questions (3 x 10 =30 Marks)

XYZ Ltd. Proposed to purchase machinery for Rs.1, 00,000. There are two alternatives available A & B. The Cash inflow of the machineries is as follows.

Year	Machine –A	Machine -- B
1.	20,000	25,000
2.	25,000	30,000
3.	30,000	35,000
4.	50,000	40,000
5.	40,000	50,000

The company expected rate of return is 10% The Life of the machines is Five years.

NPV Table:

1	2	3	4	5
0.909	0.826	0.751	0.683	0.621

Find out which machine is preferable in each of the following methods individually:

1. Pay Back Period Method
2. Net Present Value Method
3. Profitability Index Method
