



**University of Kelaniya – Sri Lanka**

*Centre for Distance and Continuing Education*

**Faculty of Commerce and Management Studies**

Bachelor of Business Management (General) Second Year Examination (External) – 2022

December – 2024

**BMGT E2035 – Accounting for Managers**

No. of Questions : Five (05)

Time: 03 hours

**Answer all questions**

Systematic calculators are allowed to be used. Mobile phones and mobile phone calculator apps are not allowed.

**Question No. 01**

- a) Kapruka Ltd. is engaged in the business of purchasing and selling coconut ornaments. The following information has been extracted from the financial statements of Kapruka Ltd.

<b>For the year ended 31st March</b>	<b>2024</b>	<b>2023</b>
Sales	800,000	650,000
Cost of Goods Sold	(576,000)	(481,000)
Gross Profit	224,000	169,000
As at 31st March	<b>2024</b>	<b>2023</b>
Inventory	125,400	105,000
Trade Payables	105,486	85,362

Coconut ornaments are sold only on cash basis and all purchases are made on credit basis.

**You are required to**

Calculate the working capital cycle (in days) for the year ended 31st March 2024.

(05 marks)

- b) “Standard Costing is widely used in many organizations due to its usefulness”.
- i. Explain two (02) purposes of using the Standard Costing. (03 marks)
  - ii. Explain two (02) issues that you may have to face when implementing Standard Costing in a modern organization. (02 marks)
- c) Wayo Ltd. produces and sells Product M. The following information has been extracted from the standard cost card of Product M.

	<b>Per Unit (Rs.)</b>
Direct Material	325
Direct Labour (0.5 hours at Rs. 300/- per hour)	150
Selling Price	650

The following information is provided for the quarter ended 30th June 2024.

	<b>Budgeted</b>	<b>Actual</b>
Fixed Overheads:		
Production (Rs.)	270,000	293,600
Non-Production (Rs.)	434,000	434,000
	704,000	727,600
Production (units)	18,000	19,400
Sales (units)	18,000	19,100

1,500 units of Product M were there in the opening stock as at 01st April 2024 and 1,800 units were there in the stock as at 30th June 2024.

**You are required to:**

Prepare the Income Statement for the quarter ended 30th June 2024.

(10 marks)

**(Total 20 Marks)**

## Question No. 02

Luxy Ltd. is a hotel with 80 rooms. The hotel has a high demand and caters to the high-end tourists. The following information is available with regard to the operations:

1. Rooms are booked in advance, with the full payment being made 2 months prior to the arrival date considering arrival month's room rate. The forecasted rooms occupancy rate of 80 rooms by guests from December 2023 to June 2024 are as given below:

	<b>Dec - 23</b>	<b>Jan - 24</b>	<b>Feb - 24</b>	<b>Mar - 24</b>	<b>Apr - 24</b>	<b>May-24</b>	<b>Jun - 24</b>
Room Occupancy rate	100%	100%	90%	80%	100%	60%	60%

2. The rooms are given on an all-inclusive double room occupancy basis, and all-inclusive double room rates per day are given below for the different seasons of the year:

	<b>Dec - 23</b>	<b>Jan - Feb 24</b>	<b>Mar - 24</b>	<b>Apr - 24</b>	<b>May-Aug 24</b>	<b>Sept- Nov 24</b>
All-Inclusive Double Room Rate per day (Rs.)	25,000	25,000	18,000	22,000	20,000	15,000

3. The staff cost is Rs. 3,000,000/- per month, payable at the end of each month.
4. The food and beverage cost is estimated to be 10% of the monthly room income (revenue) and is paid with one month credit period.
5. Other variable expenses are estimated to be 4% of the monthly room income and it is settled during the same month.
6. The monthly fixed expenses inclusive of depreciation are Rs. 5,500,000/- per month and is settled in the same month. Monthly depreciation charge is Rs. 3,000,000/-.
7. The opening cash balance as at 01st January 2024 was Rs. 3,000,000/-. It is the policy of the company to held Rs.3, 000,000/- in cash at a given time from the month of January and excess cash will be held in a savings account earning an interest of 5% per annum. Interest for the month is paid by the bank based on the closing balance of the previous month.

**You are required to:**

Prepare cash budget for the months of January, February and March 2024.

(Consider 29 days for the month of February 2024.)

**(Total 20 Marks)**

**Question No. 03**

XYZ (Pvt.) Ltd produces four types of products, and the following cost-related information is given.

<b>Product</b>	<b>W</b>	<b>X</b>	<b>Y</b>	<b>Z</b>
Demand (Units)	1,000	2,530	3,500	1,300
Unit Selling Price (Rs.)	15	18	14	10
Unit Variable Cost	7	9	10	6
Production Overhead Cost	3520	2960	120	2120

a) Calculate the unit contribution for each product.

(08 Marks)

b) Which products are providing the highest total contribution and lowest total contribution to the company based on the above information? (necessary calculations are needed).

(08 Marks)

c) Assume that the non-production overhead cost is Rs. 6,250 and based on the given demand for products, Calculate the net profit of the company.

(04 Marks)

**(Total 20 Marks)**

**Question No. 04**

The year-end information of a business organization is given below. Based on that, calculate the following ratios.

(Rs.)

Sales	600,000
Cost of Sales	400,000
Net Profit	100,000
Opening Stock	50,000
Closing Stock	88,500
Current Assets	50,000
Current Liabilities	38,000
Long Term Liabilities	52,000
Share Capital	50,000

- a) Gross Profit Ratio (04 Marks)
- b) Net Profit Ratio (04 Marks)
- c) Inventory Turnover Ratio (04 Marks)
- d) Current Ratio (04 Marks)
- e) Debt - Equity Ratio (04 Marks)

**(Total 20 Marks)**

**Question No. 05**

Aveen needs to evaluate two projects using several project evaluation methods. The given discount rate is 10%. 000'

Investment	Year	A	B
Initial Investment	0	(10,000)	(12,000)
Cash Flows	1	4,000	3,200
	2	2,400	4,000
	3	4,000	2,600
	4	2,400	4,000
	5	3,200	3,000

Discount Factor @ 10%

Year	Discount Factor
0	1
1	0.909
2	0.826
3	0.751
4	0.683
5	0.621

- a) Calculate the **Payback Period** for each project. (09 Marks)
  - b) Calculate the **Discounted Payback Period** for project "B". (05 Marks)
  - c) Calculate the **Net Present Value (NPV)** for project "B" by using the 10% discount rate. (06 Marks)
- (Total 20 Marks)**