



Institute of Management
JK Lakshmipat University, Jaipur
END TERM EXAMINATION-2019

Pinnacle MBA (Term I)
Subject Code: FA2101
MM: 30Marks

Accounting for Decision Making
Time: 2 Hours

Instruction:

Students are required to write Roll No on the question paper, writing anything except the Roll No will be treated as **Unfair Means**. Use of simple calculator is allowed.

Q.1 The adjusted trial balance for Chimera Company as of December 31, 2018, is as follows:

Particulars	Amount (Rs).
Cash	75,000
Accounts receivable	1,30,000
Interest receivable	45,000
Notes receivable (due in 90 day)	420,000
Office supplies	40,000
Automobiles	420,000
Accumulated depreciation-Automobiles	125,000
Equipment	345,000
Accumulated depreciation-Equipment	45,000
Land	195,000
Accounts payable	240,000
Interest payable	50,000
Salaries payable	47,500
Unearned fees	75,000
Long-term payable	345,000
Common stock	50,000
Retained earnings	589,500
Dividends	115,000
Fees earned	1,210,000
Interest earned	60,000
Depreciation expense-automobiles	65,000
Depreciation expense-Equipment	45,000
Salaries expense	470,000
Wages expense	100,000
Interest expense	80,000
Office supplies expense	85,000
Advertising expense	145,000
Repairs expense-Automobiles	62,000

Required: Use the information above to prepare

- (a) The income statement for the year ended December 31, 2018: **5 Marks**
(b) The balance sheet as of December 31, 2018. **5 Marks**



Q.2 Financials of Gemini Electronics are given below for the year 2019:

Income Statement	For the year 2019
Sales	13,66,47,14,160
Cost of Goods Sold	8,97,41,49,576
Gross Profit	4,69,05,64,584
Operating Costs	
Selling and Distribution	1,00,12,34,530
R&D	78,57,74,340
Administration	98,03,40,500
Amortization	39,44,40,051
Operating Costs	3,16,17,89,421
Operating Profit	1,52,87,75,163
Interest	32,99,23,700
Earnings Before Taxes	1,19,88,51,463
Taxes	41,95,98,012
Net Income	77,92,53,451
Balance Sheet	As at Dec 31, 2019
Cash	1,41,34,74,400
Account Receivables	1,50,35,60,340
Parts Inventory	1,20,13,45,530
WIP Inventory	8,95,75,400
Finished Goods Inventory	1,80,53,40,520
Total Current Assets	6,01,32,96,190
Fixed Assets (Net)	3,36,38,91,508
Intangibles	58,05,09,006
Total Assets	9,95,76,96,704
Accounts Payable	1,56,44,30,450
Current Portion of LT Debt	78,55,32,620
Total Current Liabilities	2,34,99,63,070
Long-term Debt	3,92,76,63,101
Shareholders' Equity	3,68,00,70,533
Total Liabilities and Equities	9,95,76,96,704

Key Financial Ratios	Industry Averages 2019
Current Ratio	2.84x
Quick Ratio	1.5x
Parts Inventory Turnover in days	32.26 days
WP Inventory Turnover in Days	7.89 days
FG Inventory Turnover in Days	188.33 days
Collection period in Days	30.44 days
Creditor payment period in Days	66.11 days



Key Financial Ratios	Industry Averages 2019
Cash Conversion Cycle	192.81 days
Debt to Equity	3.6x
Interest Coverage	5.89x
Gross Profit Margin	38%
Operating Profit Margin	9%
Net Profit Margin	6%
Return on Equity	21%
Return on Capital Employed	18%

Analyze Gemini's performance, Liquidity, Activity, Solvency and Profitability position on the basis of above mentioned ratios. **15 Marks**

Q.3 A Ltd. manufactures and sells a single product X whose selling price is Rs. 50 per unit and the variable cost is Rs. 30 per unit. Fixed costs are Rs. 480,000 p.a. and the annual sales are at 20% margin of safety.

1. How much is the MOS Sales (Value and Quantity)? **3 Marks**
2. If the prices drop by 10% and variable cost per unit drop to Rs. 25, what happens to Break-even Sales quantity? **2 Marks**