

**BACHELOR OF MANAGEMENT STUDIES  
DEGREE PROGRAMME – 2010/2011  
LEVEL – 5  
MCU 3208 – MANAGEMENT ACCOUNTING AND FINANCIAL  
MANAGEMENT  
ASSIGNMENT TEST**



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Date : 06.06.2010

Time : 2.00pm – 4.00 pm

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**Instructions:**

*Answer any three (03) Questions.*

*Nonprogrammable Calculators are allowed.*

*All Questions carry equal marks.*

1. Discuss the role of management accountant in a business organization highlighting the important points.
2. The objective of financial management is to maximize wealth. Explain this statement and examine the functions performed by a financial manager to achieve this goal.
3. A company budgets for a production of 150,000 units. The variable cost per unit is Rs. 14/= and fixed cost is Rs.2/= per unit. The company fixes its selling price to fetch a profit of 15% on cost.
  - i) What is the Break Even Point (BEP)?
  - ii) What is the Profit Volume (P/V) ratio?
  - iii) If it reduces its selling price by 5% how will the raised selling price affect the BEP and the P/V ratio?
  - iv) If 10% increase in profit is desired more than profit mentioned in the budget, what quantity should be sold at the reduced price?
4.
  - i) Explain the concept of Valuation of Securities.
  - ii) Namal Engineering Ltd., has current dividend of share Rs.5/= which has been growing at an annual rate of 5%. The company is expecting significant technical improvement and cost reduction in its operations which would increase growth rate to 10%. Company's capitalization rate is 15%. You are required to calculate,
    - (a) The value of the share assuming the current growth rate.
    - (b) The value of the share if the company achieves technical improvement and cost reduction.