



THE OPEN UNIVERSITY OF SRI LANKA
BACHELOR OF MANAGEMENT STUDIES DEGREE PROGRAMME – LEVEL 05
ASSIGNMENT TEST - 2015
FINANCIAL MANAGEMENT AND MANAGERIAL ACCOUNTING – MCU3208
DURATION TWO (02) HOURS

DATE: 19.12.2015

TIME: 10.00am - 12.00 noon

Answer any three (03) questions only.

Non programmable calculators are allowed.

All questions carry equal marks

(1) What is meant by Management Accounting? Discuss the advantages of Management Accounting System in an Organization.

(2) (i) What is meant by Cost Volume Profit (CVP) Analysis? Explain the usefulness of CVP analysis to managers in business decision making.

(ii) Alfa Corporation Ltd. has prepared the following budget estimates for a new product for the next year.

	Rs.
Variable Cost Per Unit	6.00
Fixed Cost	102,000.00
Sales Value	450,000.00

Number of units to be sold 45,000.

(a) Calculate Contribution Sales (C/S) ratio, Break Even Points (BEP) in units; and Margin of Safety.

(b) Calculate the revised C/S ratios, BEP and Margin of Safety in each of the following cases.

- 1) Increases of 10% in variable cost.
- 2) Decrease of 10% in selling price.
- 3) Increase of Rs. 25000/= in fixed assets.
- 4) Increase of sales volume by 10,000 units.

(3) “The primary goal of financial management is to maximize stockholder’s wealth”. Explain this statement and examine the functions performed by a financial manager to achieve this goal.

- 4) (i) Define the following
- Required rate of return.
 - Realized rate of return.
 - Expected rate of return.

(ii) The following table shows Annual Market Price per share (AMP) and Dividend Per Share (DIV) of ABC Limited for the period, of 2009 to 2014.

Year	AMP(Rs.)	DIV(Rs.)	Dividend Yield (%)	Capital Gain (%)	Annual rate of return (%)
2009	34.00	-			
2010	42.50	2.12	.....	.....	.....
2011	38.75	1.25	.....	.....	.....
2012	53.25	2.00	.....	.....	.....
2013	65.00	2.60	.....	.....	.....
2014	73.25	3.20	.....	.....	.....

- Calculating Dividend Yield, Capital Gain and Annual rate of return, complete the above table.
- Calculate the Average Rate of Return and Standard Deviation of Return for the above equity share.
- How risky is the share?