Name : ....

Roll No. : ....

Invigilator's Signature : ....

CS/BCA/SEM-3/BBA-301/2012-13

2012

MANAGEMENT & ACCOUNTING

Time Allotted : 3 Hours *Full Marks* : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :

$10 \times 1 = 10$

i) Margin of safety is equal to

a) Profit divided by P/V ratio

b) Profit divided by P/V ratio and multiplied by 100

c) Margin of safety XP/V ratio

d) P/V divided by Profit.

ii) Which one is the right accounting equation ?

a) Assets – Liabilities = Capital

b) Assets + Liabilities = Capital

c) Assets + Capital = Liabilities

d) None of these.

iii) The father of Management is

a) Henry Fayol b) F.W. Taylor

c) P.F. Drucker d) G.R. Terry.

iv) Net working capital is the excess of

a) current liabilities over current assets

b) current assets over current liabilities

c) fixed assets over current assets

d) none of these.

v) Which of the following is true at BEP ?

a) Sales = Total cost

b) Profit = Fixed cost + Variable cost

c) Sales = Total cost – Fixed cost

d) Fixed cost = Variable cost.

vi) When prices are rising, the method is best suited

a) LIFO b) FIFO

c) Average stock method d) Base stock method.

vii) Direct wages is

a) Variable cost b) Fixed cost

c) Indirect labour cost d) both (a) and (b).

viii) The item closing inventory is shown in balance sheet under

a) Fixed cost

b) Current assets

c) Current liabilities

d) Miscellaneous expenditure.

ix) The financial decision relating to application of fund in fixed assets is called

a) Dividend decision   b) Capital cost

c) Capital budgeting   d) Lease financing.

x) Goods returned by customers should be debited to

a) Advertisement A/c   b) Sales A/c

c) Purchase A/c   d) Salaries A/c.

xi) Outstanding expenses are shown as

a) an expenses   b) a liability

c) an asset   d) none of these.

xii) Capital is shown under liabilities, because of the

a) conservation principle

b) entity concept

c) accrual concept

d) going concern concept.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following $3 \times 5 = 15$

2. Find the EOQ from the following data :

Actual consumption	18000 units p.a.
Re-ordering period	4-6 weeks
Cost per unit	Rs.1·50
Cost for placing order and processing delivery	Rs. 12 per week
Normal consumption	250 units per week
Inventory carrying cost	20% of unit value.

3. From the following data, calculate the following ratios :

   i) Gross profit ratio   ii) Net profit ratio

   iii) Current ratio   iv) Debt-equity ratio

   Net Sales Rs. 30,000, Cost of Sales Rs. 20,000, Net Profits Rs. 30,000, Current Assets Rs. 6,000, Stock Rs. 1,000, Current liabilities Rs. 2,000, Paid-up share capital Rs. 5,000, Debenture Rs. 2,500.

4. Write short notes on : $2 \times 2\frac{1}{2}$

   i) Labour turnover ratio

   ii) Halsey and Rowan premium bonus plan.

5. Explain the role of computer package in financial accounting.

6. Explain briefly the basic steps involved in 'planning'.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

7. a) *X* Ltd. has four production departments *A, B, C* & *D* and two service departments namely transport and Power supply. The particulars of expenses of the respective departments are as follows :

Production Dept.	Rs.	Service Dept.	Rs.
A	100	Transport	500
B	900		
C	800	Power Supply	380
D	700		

The service departments expenses are charged out on a percentage basis given below :

	Production Dept.				Transport	Power Supply
	A	*B*	*C*	*D*		
Transport	10%	30%	20%	20%	---	20%
Power Supply	30%	20%	30%	10%	10%	---

Using the above particulars, apportion the service department expanses to various production department.

b) i) Explain clearly the term 'under absorption' and 'over-absorption' of overheads in Cost Accounts.

ii) How under or over absorption is treated Cost Accounts. 8 + 2 + 5

8. a) Write the main points of distinction between NPV and IRR.

b) Vista Co. Ltd. has 2 options in hand regarding purchasing one machine. The details in respect of each machine is given below :

Initial investment of Machine *A* is Rs. 80,000 and Machine *B* is Rs. 90,000.

Net Cash Flows after Tax Year	Machine *A* Rs.	Machine *B* Rs.	PVIF
1	22,000	16,000	·870
2	30,000	24,000	·718
3	40,000	36,000	·609
4	32,000	48,000	·516
5	16,000	30,000	·437

As a Finance Manager which machine would you purchase, if the cost of capital is 15% ? 5 + 10

9. The following information is obtained from the records of *xyz* ltd.

Sales	Rs. 16,00,000
Variable costs	Rs. 8,00,000
Fixed costs	Rs. 3,00,000

a) Find the p/v ratio, breakeven point and margin of safety.

b) Calculate the effect of the following on the above :

i) 10% increase in fixed costs

ii) 20% decrease in fixed costs

iii) 10% increase in variable costs

iv) 10% decrease in variable costs.

10. The following are budgeted expenses for production of 10,000 units of a product :

	Rs. (per unit)
Direct material	60
Direct labour	30
Variable overhead	25
Fixed overhead (Rs. 1,50,000)	15
Variable expenses (direct)	5
Selling expenses (10% fixed)	15
Administration expenses (Rs. 50,000)	5
Distribution expenses (20% fixed)	5
Total cost of sale per unit	160

Prepare a budget for production of 6000, 7000 and 8000 units showing distinctly marginal cost and total cost.

11. Write short notes on any *three* of the following : 3 × 5

   a) IDBI

   b) Cost-volume-profit analysis

   c) Internal rate of return

   d) Last-in first-out

   e) Deferred revenue expenditure.

12. a) What do you mean by perpetual inventory system ?

   b) Prepare stores ledger account using LIFO method from the following data :

Data	Particulars	Quantity	Rate per unit
Jan 02	Received	2000 kg	Rs. 10
Jan 06	Received	300 kg	Rs. 12
Jan 09	Issued	1200 kg	---
Jan 10	Received	200 kg	14
Jan 11	Issued	1000 kg	---
Jan 22	Received	300 kg	15
Jan 31	Issued	200 kg	---

5 + 10

13. a) Examine the role of Public Sector Commercial Banks in India as provider of long-term finance to the industries.

   b) Discuss the importance and benefits of a sound organisation.

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