Name : ....

Roll No. : ....

Invigilator's Signature : ....

CS/BCA/SEM-3/BBA-301/2013-14

2013

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) At the break even point any business experience

      a) Total Cost = Total Sales

      b) Fixed Cost = Variable Cost

      c) Total Sales = Variable Cost

      d) Total Sales = Fixed Cost.

   ii) Balance Sheet is prepared

      a) to check the accuracy of books

      b) to know the financial position

      c) to know the net profit or loss

      d) to find out the value of assets.

iii) A vendor supplies 300 laptops to an IT company. The cheque is paid but still not encashed by the vendor. The laptops are not yet distributed to the executives. In the books of the company the laptops will be shown as

a) liability b) assets

c) expenses d) income.

iv) Which of the following is a method of inventory valuations ?

a) FIFO

b) WIP

c) Written down value method

d) Annuity method.

v) Which of the following is regarded as tax saving instrument in decision making ?

a) Depreciation b) Tax

c) Interest d) Dividend.

vi) Indirect cost is referred as

a) materials b) labour

c) overhead d) prime cost.

vii) Audit function of a company is a management process related to

a) accounting b) controlling

c) directing d) organizing.

viii) PERT-CPM method helps in

a) scheduling

b) budgeting

c) internal auditing

d) social bonding (including communal bonding).

ix) Minimum Stock Level is calculated by

a) Re-order level – (normal usage × normal delivery period)

b) Re-order level + (normal usage × normal delivery period)

c) Re-order level + (normal usage / normal delivery period)

d) none of these.

x) Chargeable expence is a portion of

a) prime cost

b) work cost

c) cost of production

d) cost of good sold.

xi) As per Halsey plan, bonus is calculate by

a) 1/3 (time taken × time rate)

b) 1/2 (time taken × time rate)

c) time saved / time allowed × (time taken × time rate)

d) time saved / time taken × (time allowed × time rate).

xii) Profitability index method is an application of

a) net present value

b) accounting rate of return

c) margin of safety

d) flexible budgeting.

GROUP – B

(Short Answer Type Questions)

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

2. The concept of "Suspense account is not applicable in case of computerized accounting system." — Do you agree with this view ? Provide your logical reasoning.

3. *X* Ltd. furnishes the following particulars of product ZED.

   a) Monthly demand of ZED : 1000 units

   b) Cost of placing an order : Rs. 100

   c) Annual carrying cost per unit : 6·5%

   d) Purchase price of input unit : Rs. 200

   e) Minimum usage : 25 units per week

   f) Maximum usage : 75 units per week

   g) Re-order period : 4 to 6 weeks. For emergency purchase : 3 weeks.

   Calculate :

   i) Re-order quantity

   ii) Re-order level

   iii) Minimum level

   iv) Maximum level

   v) Average stock level

   vi) Danger level.

4. What do you mean by formal and informal organizations ? What are the basic differences between them ? 2 + 3

5. Discuss the ABC system of materials control.

6. From the following information calculate BEP and turnover required to earn a profit of Rs. 36,000 :

   a) Fixed overhead Rs. 1,00,000

   b) Variable cost per unit Rs. 2

   c) Selling price Rs. 20.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. 3 × 15 = 45

7. Distinguish between long-range planning and strategic planning. What will be the steps to be taken by a company to look for a diversification in product and service line ? 8 + 7

8. Write the advantages and disadvantages of the following sources of long term finance : 5 × 3

   a) Equity share

   b) Preference share

   c) Term loan from banks

   d) Debenture

   e) Private equity.

9. a) Trinity Corporation deals in switch boxes. They need help in preparing a cash budget for July and August. The following information is available.

   i) Cash balance as of July 1 : Rs. 35,000.

   ii) Actual and forecasted sales are as follows :

	May **(Rs.)**	*June* **(*Rs.*)**	*July* **(*Rs.*)**	*August* **(*Rs.*)**	*September* **(*Rs.*)**
Cash sales	25,000	30,000	40,000	50,000
Credit sales	60,000	80,000	1,00,000	1,10,000
Total	85,000	1,10,000	1,40,000	1,60,000

   iii) Credit sales are collected 40% in the month of the sale, 35% in the month following the sale and 25% in the second month following the sale.

iv) Inventory purchases average 55% of sales. Of these purchase, 65% are paid for in the month of the purchase, with the remainder paid in the following month.

v) Operating expenses are paid in the month incurred. Expenses include Rs. 2,500 in rent, Rs. 6,000 in salaries and Rs. 750 in utilities and miscellaneous expenses.

b) What do you mean by Zero Based Budgeting ? Where is it applied ? 10 + 5

10. a) How is the rate of discounting chosen for analyzing a company's NPV and IRR ?

b) From the following information calculate the NPV of the two projects and suggest which of the two projects should be accepted assuming a discounting rate of 10%.

	Project X	***Project Y***
Initial investment	Rs. 20,000	Rs. 30,000
Estimated life	5 years	5 years
Scrap value	Rs. 1,000	Rs. 2,000

The profit before depreciation and after taxes are given bellow :

	Year 1 ***Rs.***	***Year 2*** ***Rs.***	***Year 3*** ***Rs.***	***Year 4*** ***Rs.***	***Year 5*** ***Rs.***
Project X	5,000	10,000	10,000	3,000	2,000
Project Y	20,000	10,000	5,000	3,000	2,000

5 + 10