

CS/BCA/ODD SEM/SEM-3/BBA-301/2016-17



**MAULANA ABUL KALAM AZAD UNIVERSITY OF
TECHNOLOGY, WEST BENGAL**

Paper Code : BBA-301

MANAGEMENT AND 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 × 1 = 10

- i) Unusual communication through the line and staff
function of an organization is known as
 - a) Reptile communication
 - b) Spider-web communication
 - c) Grapevine
 - d) Informal communication.

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| Turn over

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- ii) Which one is **not** a controlling technique ?
- a) Setting caps and floors
 - b) Standard costing technique
 - c) Foreign currency requirement placement to a bank
 - d) Budgetary control.
- iii) Wage outstanding account is treated as
- a) an Asset
 - b) a Liability
 - c) Suspense
 - d) Fictions Asset.
- iv) MBO stands for
- a) Management by Organisation
 - b) Management by Objectives
 - c) Management by Objects
 - d) Management by Orientation.
- v) Accumulated depreciation is an example of
- a) a liability
 - b) a contra-entry
 - c) an expense
 - d) an unrecorded revenue.

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- vi) Goodwill account is a
- a) Real account
 - b) Nominal account
 - c) Personal account
 - d) Contingent account.
- vii) Balance Sheet discloses
- a) Income position of the business
 - b) Financial position of the business
 - c) Profit earning capacity of the business
 - d) Goodwill of a business in operation.
- viii) Cost reduction is one of the aspects of
- a) Cost control
 - b) Cost ascertainment
 - c) Classification of Cost
 - d) None of these.
- ix) The combination of Direct Material Cost, Direct Labour Cost and Direct Expenses is known as
- a) Works Cost
 - b) Cost of Production
 - c) Prime Cost
 - d) None of these.

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- x) Absorption Costing, Standard Costing, Marginal Costing etc. are the main
- a) methods of Costing
 - b) techniques of Costing
 - c) steps of Installation Costing System
 - d) none of these.
- xi) Cost segregated into Fixed, Variable and Semi-fixed or, Semi-variable are the classification of
- a) Element-wise
 - b) Function-wise
 - c) Behaviour-wise
 - d) None of these.
- xii) Which one of the following is true ?
- a) Prime cost + Overhead = Sales
 - b) Prime cost + Overhead = COGS
 - c) Prime cost + Overhead + Profit = COGS
 - d) Prime cost + Overhead + Sales = Investment.

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GROUP - B

(Short Answer Type Questions)

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

2. What are the advantages and disadvantages of Zero based Budgeting (ZBB) ?
3. Differentiate between trial balance and balance Sheet.
4. Find out EOQ from the following particulars :
Annual usage = 6000 units
Cost of material per unit = Rs. 20
Cost of placing and receiving one order = Rs. 60
Annual inventory carrying cost of one unit = 10% of inventory value.
5. Differentiate between financial accounting and cost accounting.
6. Differentiate between Cost centre and Cost unit.

GROUP - C

(Long Answer Type Questions)

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

7. A software development company formed in India wants to expand its business in US. Elucidate the steps the company will take regarding —
 - (i) Planning
 - (ii) Scheduling
 - (iii) Staffing
 - (iv) Controlling.

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8. From the following particulars prepare a monthly Cash Budget for the quarter ended on 31 March, 2016.

Months	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Expenses (Rs.)
November	50,000	10,000	20,000	4,000
December	60,000	20,000	20,000	4,000
January	40,000	30,000	22,000	5,000
February	50,000	20,000	22,000	5,000
March	60,000	10,000	24,000	5,000

Other information :

- a) 10% of sales and purchases are on cash, balance on credit.
 - b) Credit to debtors : 1 month, on an average 50% of debtors will make payment on the due date while the rest will make payment one month thereafter.
 - c) Credit from creditors : 2 months, 10% Cash Discount will be received if payment is made within 1 month and it is estimated that for 50% purchases advantage of cash discount will be taken.
 - d) Wages : to be paid twice in a month on the 1st and 16th respectively.
 - e) Expenses are generally paid within the month.
 - f) Opening cash balance Rs. 20,000.
9. a) State the importance of the concept of Present Value (PV) and IRR (Internal Rate of Return). How is the discounting factor or the rate of discounting chosen ?

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- 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%. 6 + 9

	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 below :

Year \ Project	1 (Rs.)	2 (Rs.)	3 (Rs.)	4 (Rs.)	5 (Rs.)
X	5,000	10,000	10,000	3,000	2,000
Y	20,000	10,000	5,000	3,000	2,000

10. Sunlight Ltd. manufactures a special product. The following particulars were collected for the year 2015.

Monthly demand	1000 units
Cost of placing an order	Rs. 10
Annual carrying cost per unit	Rs. 15
Normal usage	50 units per week
Minimum usage	25 units per week
Maximum usage	75 units per week
Reorder period	4 to 6 weeks

Compute from the above (i) Reorder quantity (ii) Reorder level (iii) Minimum level (iv) Maximum level (v) Average stock level.

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11. From the following information supplied by Bright Ltd. prepare a cash budget for the period from 1st September, 2015 to 31st December, 2015.

Months	Credit Purchases (Rs.)	Credit Sales (Rs.)	Wages (Rs.)	Selling Expenses (Rs.)	Overheads (Rs.)
July	85,000	1,60,000	32,000	8,000	10,000
August	92,000	1,85,000	37,000	9,500	11,500
September	1,00,000	2,10,000	42,000	10,500	13,000
October	1,20,000	2,45,000	49,000	12,500	14,500
November	90,000	1,78,000	35,500	8,900	10,500
December	98,000	1,82,000	36,000	9,000	11,000

Additional information :

- a) Expected cash balance on 1st September Rs. 10,500.
- b) Period of credit allowed to debtors — 2 months.
- c) Period of credit allowed by creditors — 1 month.
- d) Lag in payment of wages, selling expenses and overheads — 1 month.
- e) Selling commission @ 2% on sales is payable one month after sales.
- f) Expenditure on machinery worth Rs. 50,000 is payable in October.
- g) Expected cash sales per months Rs. 15,000. No. commission is payable on cash sales.

