

2011

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 × 1 = 10

i) Which is the function of management ?

- | | |
|--------------|------------------|
| a) Planning | b) Staffing |
| c) Directing | d) All of these. |

ii) IDBI stands for

- a) Industrial Development Bank of India
- b) Industry and Development Bank of India
- c) Industrial Development Banking of India
- d) Industry Development Bank of India.

- iii) Which one of the following is not a source of Long-term Capital ?
- a) Issue of Equity shares
 - b) Issue of Preference shares
 - c) Issue of Debentures
 - d) Bank overdraft.
- iv) Current ratio is used to measure
- a) long-term solvency
 - b) financial stability
 - c) short-term solvency
 - d) efficiency of an organization.
- v) Which of the following is not a fixed asset ?
- a) Land & building a/c
 - b) Plant and machinery
 - c) Bank balance
 - d) Furniture.
- vi) Indirect labour cost is an example of
- a) prime cost
 - b) fixed cost
 - c) factory overhead
 - d) administrative overhead.

- vii) Sales is equal to
- a) cost of goods sold + profit
 - b) cost of goods sold - profit
 - c) gross profit - cost of goods sold
 - d) none of these.
- viii) Which is not a principle of management by Henri Fayol ?
- a) Subordination of social interest to individual interest
 - b) Division of work
 - c) Initiative
 - d) Esprit de corps.
- ix) Which of the following is not an element in the process of management ?
- a) Planning
 - b) Staffing
 - c) Directing
 - d) None of these.
- x) Which of the following is not a function of a central bank ?
- a) Acting as a bankers to the banks
 - b) Acts as a controller of credit
 - c) Acts as a banker of the government
 - d) Giving loans to people.

- xi) Goods given as samples should be credited to
- a) Advertisement Account
 - b) Sales Account
 - c) Purchases Account
 - d) None of these.
- xii) Outstanding Salaries are shown as
- a) An expense
 - b) A Liability
 - c) An asset
 - d) All of these.

GROUP - B

(Short Answer Type Questions)

Answer any *three* of the following.

3 × 5 = 15

2. Explain the concept of C-V-P analysis.
3. What are the functions of financial management ?
4. What is budget and budgetary control ? What are the advantages of budgeting ?
5. What are the basic differences between marginal costing and absorption costing ?
6. "Planning is an important part of management". Explain.

GROUP - C**(Long Answer Type Questions)**Answer any *three* of the following. $3 \times 15 = 45$

7. A company is considering an investment proposal to install new milling controls at a cost of Rs. 50,000. The facility has a life expectancy of 5 years and no salvage value. The tax rate is 35 per cent. Assume the firm uses straight line method of depreciation and the same is allowed for tax purposes.

The estimated cash flows before depreciation and tax (CFBT) from the investment proposal are as follows :

Year	CFBT (Rs.)
1	10,000
2	10,692
3	12,769
4	13,462
5	20,385

Compute the following :

- i) Payback period
 - ii) Net present value at 10 per cent discount rate
 - iii) Internal rate of return.
8. a) State the challenges of staffing an offshore project team of a multinational IT firm.
- b) Elucidate various cost control techniques in major IT firm.
9. What do you mean by Zero Based Budgeting (ZBB) ? Differentiate between cash budget and master budget. $8 + 7$

10. a) Goodluck Ltd. a manufacturing company, furnished the following information for the month of March, 2011.

01.03.11	Purchases 600 Units @ Rs.4 per Unit
04.03.11	Purchases 300 Units @ Rs.4.25 per Unit
06.03.11	Issued 500 Units
10.03.11	Purchased 700 Units @ Rs.4.50 per Unit
15.03.11	Issued 800 Units
20.03.11	Purchased 300 Units @ Rs.5.00 per Unit
28.03.11	Issued 100 Units
31.03.11	Wasting 50 Units

Prepare a Store Ledger Under FIFO method.

- b) Calculate the normal and overtime wages payable to a workman from the following data :

Days	Hours Worked
Monday	8 Hours
Tuesday	11 Hours
Wednesday	10 Hours
Thursday	12 Hours
Friday	9 Hours
Saturday ($\frac{1}{2}$ day)	4 Hours
Normal Working hours	8 Hours a day
Normal Rate	Rs.10 per hour.

Overtime rate : Up to 9 hours in a day at single rate,
over 9 hours in a day at double rate. 8 + 7

11. a) Examine the role of Public Sector Commercial Banks in India as providers of long term finance for Industry.
- b) Discuss the importance and benefits of a sound organization. 7 + 8
12. a) Following figures for the month of April, 2011 were extracted from the records of a factory :

Opening stock of Finished Goods

(5000 units) Rs. 45,000

Purchase of Raw Materials Rs. 2,57,100

Direct wages Rs.1,05,000

Factory Overhead 100% of Direct wages

Administrative overhead Re.1 per unit

Selling and distribution
overhead 10% of sales

Closing stock of finished goods

(10000 units) ?

Sales (45000 units) Rs. 6,60,000

Prepare a cost sheet for the month of April, 2011, assuming that sales are made on the basis of FIFO principles.

b) Rank of following projects on the basis of

(i) Pay Back

(ii) ARR

(iii) NPV

Particulars	Year	Project A	Project B	Project C
Investment	0	30,000	30,000	30,000
Annual Savings	1	13,800	36,150	—
Annual Savings	2	13,800	—	—
Annual Savings	3	13,800	—	46,827

8 + 7