BBA-301

MANAGEMENT AND ACCOUNTING

Time Allotted: 3 Hours | Full Marks: 70

The questions are of equal value.
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. Answer any *ten* questions. $10 \times 1 = 10$

(i) The firm's decision to invest its funds in fixed and long-term assets is known as

(A) capital budgeting (B) asset planning
(C) long term budgeting (D) short term budgeting

(ii) Factory cost is comprises of

(A) prime cost and administration overhead
(B) prime cost and factory overhead
(C) cost of production and selling and distribution overhead
(D) factory overhead only

(iii) Fixed cost, variable cost and semi variable cost are the classification of cost on the basis of

(A) function (B) elements (C) time (D) variability

(iv) Lead time represents

(A) time required for placing order
(B) time required for receiving materials
(C) time required between placing order and receiving the materials in store
(D) time to store the supply of materials

(v) ABC Analysis is a method of

(A) stock codification (B) stock classification
(C) both (A) and (B) (D) stock removal in order of priority

(vi) Which of the following is not an example of Selling and Distribution overhead?

(A) advertisement | (B) salesmen salary
(C) carriage outward | (D) carriage inward

(vii) 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 × P/V ratio
(D) P/V divided by profit

(viii) A plan expressed in quantitative terms would be called a/an

(A) objective (B) target (C) policy (D) budget

(ix) Unity of commend is violated in the _______ organization

(A) line (B) line and staff (C) functional (D) all of these

(x) Current ratio is a _______

(A) Balance sheet ratio | (B) profit and loss ratio
(C) combined ratio | (D) fictitious ratio

(xi) ICICI was

(A) taken over by ICICI bank
(B) merged with Nabard
(C) made a subsidiary of National Housing Bank
(D) ICICI exists as an independent Industrial finance provider

(xii) Identify the one which is not a commercial bank

(A) HDFC Bank (B) Canara Bank (C) IFCI (D) UCO Bank

GROUP B
(Short Answer Type Questions)

Answer any *three* questions. 3×5 = 15

2. Briefly state the relevance of managerial skill and skill mix. 5

3. Describe different roles played by a manager. 5

4. "High wages do not necessarily mean high labour cost" – Elucidate through bullet points. 5

5. A manufacturing company produces a special product 'altom', the monthly demand for which is 500 units. The following particulars are available in respect of the material use for manufacturing the product: 5
   (i) Cost of placing an order Rs 120
   (ii) Carrying cost per unit is Rs 12

   Calculate EOQ of the product.

6. "Contingent liabilities reflect the concept of Conservatism"– Explain it. 5

GROUP C
(Long Answer Type Questions)

Answer any *three* questions. 3×15 = 45

7. (a) What is meant by Capital budgeting? State its importance. 5+10
   (b) Solution Ltd. is considering to start a project initial cost of which is Rs.5,00,000 with no scrap value. Cash inflows are expected as follows:

Year	1	2	3	4	5
Cash Inflows(Rs)	1,50,000	2,00,000	2,50,000	1,50,000	1,00,000
Discounting factor @10%	0.909	0.826	0.751	0.683	0.621

   Cost of capital is 10%. Indicate whether the project is acceptable or not using following evaluation techniques. (i) Net Present Value (ii) Profitability Index and (iii) Internal Rate of Return.

8. The following figures for the month of April 2014 were extracted from the records of a factory: 15

Opening stock of Finished Goods (5,000 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 exp.	105 of sales
Sales(45,000 units)	Rs 6,60,000
Closing stock(10,000 units)	?

Prepare cost sheet for the month of April 2014, assuming sales are made under FIFO Principle.

9. (a) A factory is currently running at 50% capacity and produces 10,000 units at a cost of Rs 180 per unit as per details below: 10

Material	Rs 100
Wages	Rs 30
Factory overheads	Rs 30(40% fixed)
Administration Overheads	Rs 20(50% fixed)

The current selling price is Rs 200 per unit.

At 60% capacity working, material cost per unit increases by 2% and selling price per unit falls by 2%. At 80% capacity working, material cost per unit increases by 5% and selling price per unit falls by 5%.

Prepare a marginal cost statement showing the total cost and profit for the three capacity levels. Also give your comments on the profitability at these levels of performance.

(b) Discuss the advantages and limitations of Budgetary control 5

10. The expenses for the production of 5,000 units in a factory are given as follows: 15

Particulars	Per unit(Rs)
Materials	50
Labour	20
Variable overheads	15
Fixed overhead(Rs.50,000)	10
Administrative expenses(5% variable)	10
Selling expenses(20% Fixed)	6
Distribution expenses(10% Fixed)	5
Total cost	116

You are required to prepare the budget for the production of 7,000 units and 8,000 units.

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

(a) Scheduling in Airline operation— The challenges

(b) Cost control of an IT company

(c) Cost determination process

(d) Application of C-V-P analysis

(e) Fixed assets