



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 × 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 × 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. |

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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 × 2½

- 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 × 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 expenses 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

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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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