

2021

BUSINESS ADMINISTRATION — HONOURS

Fifteenth Paper

(Finance Group)

(Performance Measurement & Decision Making)

Full Marks : 100

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Answer **any five** questions.

20×5

1. Define ROI as a measure of divisional performance. What are its limitations?
2. Write short notes on:
 - (a) Zero based budgeting
 - (b) Cost pool and cost driver
 - (c) Budget committee
 - (d) Contribution.
3. (a) What do you mean by Activity based costing?
(b) What are the different stages of Activity based costing?
4. From the following data, you are required to calculate:
 - (a) P/V ratio
 - (b) Break-even sales with the help of P/V ratio
 - (c) Sales required to earn a profit of Rs. 4,50,000

Fixed Expenses	= Rs. 90,000
Variable Cost per unit:	
Direct Material	= Rs. 5
Direct Labour	= Rs. 2
Direct Overheads	= 100% of Direct Labour
Selling Price per unit	= Rs. 12.

Please Turn Over

5. From the following information calculate labour cost variance:
 Standard Labour hour required for each unit of output 1.50 hours.
 Standard Labour rate per hour Rs. 2.
 Actual hours taken for actual output of 4000 units – 9000 hours. (including 200 idle hours).
 Actual Labour cost for 4000 units of output Rs. 19,800.
6. Write short notes on:
 (a) Balanced scorecard
 (b) EOQ
 (c) P/V ratio
 (d) Sales mix.
7. (a) A company has fixed expenses of Rs. 90,000 with sales at Rs. 3,00,000 and a profit of Rs. 60,000. Calculate the profit-volume ratio. If in the next period the company suffered a loss of Rs. 30,000, calculate the sales volume.
 (b) What is the margin of safety for a profit of Rs. 60,000 in (a) above?
8. Write notes on:
 (a) Opportunity cost
 (b) Sunk cost
 (c) Incremental cost
 (d) Avoidable cost.
9. What are the methods of joint cost allocation?
10. Prepare a Cash Budget from the data given below for a period of three months, July to September:
- | (1) | Month | Sales (Rs.) | Raw Materials (Rs.) |
|-----|--------|-------------|---------------------|
| | May | 75,000 | 37,500 |
| | June | 75,000 | 37,500 |
| | July | 1,50,000 | 52,500 |
| | August | 2,00,000 | 80,000 |
| | Sept. | 1,00,000 | 40,000 |
- (2) Collection estimates: During the month following the sale: 80%
 During the second month following the sale: 20%.
- (3) Payment for raw materials is made in the next month.
- (4) Salary : Rs. 11,250, Lease payment : Rs. 3,750, Misc. Exp. : Rs. 1,150, are paid each month.
- (5) Monthly Depreciation : Rs. 15,000
- (6) Income tax : Rs. 26,250 each in September and December
- (7) Payment for research in October : Rs. 75,000
- (8) Opening Balance on 1st July : Rs. 55,000.
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