

Major Examination TXL381

Discipline B. Tech.

Max. Marks 45

Date 17.11.2022

Time 2 Hours

1. Explain why a decision centre should be treated as profit centre rather than as a cost centre. (5)
2. What comparisons should be made in deciding whether or not to accept a one-time order at a price different from the regular price? Explain with some examples. (5)
3. "If sales forecast is subject to error, then, there is no purpose of budgeting." Do you agree? Also explain how a flexible budget can be used by management to help control costs. (5)
4. The total sale of a firm is Rs 6,40,000. It has a gross profit margin of 15 % and current ratio of 2.5. The firm's current liabilities are Rs 96,000, inventories Rs 48,000 and cash Rs 16,000.
 - (a) Determine the average inventory to be carried by the firm, if an inventory turnout of 5 times is expected? (assume a 360-day year).
 - (b) Determine the average collection period if the operating balance of debtors is intended to be of Rs 80,000? (assume a 360-day year). (5)
5. Under what circumstances do the net present value and internal rate of return methods differ? Which method would you prefer and why? (5)
6. If a company sells more units than it produces, would the profits reported by absorption costing tend to be higher or lower than the profits reported by variable costing? Why? (5)
7. How is job costing in service organisations different from job costing in manufacturing organisations? Explain with suitable example. (5)
8. "Management makes policy decision, at one time or another, regarding methods of inventory valuation. These decisions are important because they directly affect the way income will be computed." Discuss. (5)
9. "The difference between owner's equity at the end and owner's equity in the beginning of a period is the net income or net loss of the firm." Do you agree? Defend your position. (5)