

QUESTION BANK

B.Com(H)

SEMESTER 3

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QUESTION BANK

**MARKETING
MANAGEMENT**

BCOM - 201

QUESTION BANK
MARKETING MANAGEMENT
BCOM(H) - III

UNIT – I

I Multiple Choice Questions :

1. The concept of marketing mix was developed by _____.
A. N. H Borden
B. Philip Kotler
C. Stanton
D. W. Anderson
ANS C

2. _____ takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties.
A. Marketing management
B. Forecasting
C. Segmentation
D. Targeting
ANS A

3. Marketing management is _____.
A. Managing the marketing process
B. Monitoring the profitability of the company's products and services
C. Selecting target markets
D. The art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value
ANS D

4. In marketing, _____ is the focal point.
A. Profit
B. Sales
C. Customer
D. All of the above
ANS C

5. "Many people want BMW, only few are able to buy" his is an example of.....
A. Need
B. Want
C. Demand
D. Status
ANS C

6. Consumer expenditures are affected by _____.
- A. Savings
 - B. Debt
 - C. Credit availability
 - D. All of the above
- ANS D
7. Michael Porter has identified five forces that determine the intrinsic long-run attractiveness of a market or market segment. Which of the following would NOT be among Porter's five forces?
- A. Industry competitors
 - B. Technological partners
 - C. Substitutes
 - D. Buyers
 - E. Potential entrants
- ANS B
8. Which of the following statements is true?
- A. Psychographic segmentation divides buyers into groups based on their knowledge, attitude or responses to a product
 - B. Target market; a set of buyers sharing common needs or characteristics that the company decides to serve
 - C. Demographic segmentation divides buyers into different groups based on a social grade, lifestyle or personality characteristics
 - D. None of the above
- ANS C
9. In _____ marketing, the seller engages in the mass production, mass distribution, and mass promotion of one product for all buyers.
- A. Group
 - B. Mass
 - C. General
 - D. Segmented
 - E. Differentiated
- ANS B
10. The major segmentation variables for consumer markets, refers to which of the following?
- A. Geographic, density, psychographic, behavioral
 - B. Gender, demographic, psychographic, lifestyle
 - C. Geographic, demographic, psychographic, behavioral
 - D. None of the above
- ANS C
11. The marketing mix consists of; -

- A. Product, physical evidence, place, process
- B. Process, price, place, packaging
- C. People, process, place, promotion
- D. Product, place, promotion, place

ANS C

12. Increasing the features and quality you offer is a decision made by which marketing mix?

- A. Product
- B. Price
- C. Promotion
- D. Place

ANS A

13. Design is a _____ decision

- A. Product
- B. Price
- C. Promotion
- D. Place

ANS A

14. Segmentation of international markets on the basis of common languages, religions and customs is example of

- A. geographic location
- B. cultural factors
- C. economic factors
- D. political and legal factors

ANS B

15. Public Relations is managed by which marketing mix?

- A. Product
- B. Price
- C. Promotion
- D. Place

ANS C

16. A value proposition is the full _____ of a _____ - the full mix of benefits upon which it is positioned.

- A. package, product
- B. positioning, brand
- C. positioning, retailer
- D. package, retailer

ANS A

17. Which one of the 4Ps is responsible for direct mail?

- A. Product
- B. Price
- C. Promotion

D. Place
ANS C

18. The term "marketing mix" describes:
- A. A composite analysis of all environmental factors inside and outside the firm
 - B. A series of business decisions that aid in selling a product
 - C. The relationship between a firm's marketing strengths and its business weaknesses
 - D. A blending of four strategic elements to satisfy specific target markets
- ANS D

19. Newsletters, catalogues, and invitations to organization-sponsored events are most closely associated with the marketing mix activity of:
- A. Pricing
 - B. Distribution
 - C. Product development
 - D. Promotion
- ANS D

20. USP stands for which of the following?
- A. Unique segmentation proposition
 - B. Unique selling positioning
 - C. Unique selling proposition
 - D. None of the Above
- ANS C

21. Which of the following environments examines institutions and other forces that affect society's basic values, perceptions, preferences, and behaviors?
- A. Cultural
 - B. Demographic
 - C. Economic
 - D. Technological
- ANS A

22. Which of the following is NOT part of the external marketing environment?
- A. Political
 - B. Legal
 - C. Product
 - D. Socio-cultural
- ANS C

23. A firm has decided to alter its pricing and promotional strategies in response to slower than expected job growth and declining personal incomes. The firm is responding to changes in its:
- A. Socio-cultural environment
 - B. Political environment
 - C. Economic environment

D. Competitive environment
ANS C

24. Targeting affluent customers with luxurious goods is an example of
- A. Geographic segmentation
 - B. Income segmentation
 - C. Psychographic segmentation
 - D. Behavioral segmentation
- ANS D

25. The process of collecting information about the external marketing environment is
- A. Environmental management
 - B. Environmental scanning
 - C. Marketing management
 - D. Marketing research
- ANS B

26. The most formal definition of marketing is _____.
- A. Meeting needs profitably
 - B. Identifying and meeting human and social needs
 - C. The four Ps (product, price, place, promotion)
 - D. An organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders
- ANS D

27. Which of the following would be the best illustration of a subculture?
- A. A religion.
 - B. A group of close friends.
 - C. Your university.
 - D. Your occupation.
- ANS A

28. Marketing management is _____.
- A. Managing the marketing process
 - B. Monitoring the profitability of the company's products and services
 - C. Selecting target markets
 - D. The art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value
- ANS D

29. The _____ is a tool for identifying ways to create more customer value.
- A. Value chain
 - B. Customer survey
 - C. Brand loyalty index

D. Promotion channel

ANS A

30. Good marketing is no accident, but a result of careful planning and _____.

A. execution

B. selling

C. strategies

D. research

ANS A

31. Marketing management is _____.

A. managing the marketing process

B. monitoring the profitability of the company's products and services

C. the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value

D. developing marketing strategies to move the company forward

ANS C

32. Chimney Sweeps employs people to clean fireplaces and chimneys in homes and apartments. The firm is primarily the marketer of which one of the following?

A. An image

B. A service

C. A good

D. An idea

ANS B

33. Marketers often use the term _____ to cover various groupings of customers.

A. people

B. buying power

C. demographic segment

D. market

ANS D

34. The _____ concept holds that consumers and businesses, if left alone, will ordinarily not buy enough of the organization's products.

A. production

B. selling

C. marketing

D. holistic marketing

ANS B

35. _____ is the father of modern marketing.

A. Peter Drucker

B. Philip Kotler

C. Neil Armstrong

D. Maslow

ANS B

II SHORT ANSWER TYPE QUESTIONS:

1. Define Marketing.
2. What are the four Eras of Marketing?
3. State the nature of marketing. How does marketing satisfy the wants of people?
4. “The present-day marketing is consumer-oriented” Explain this statement with the help of suitable examples
5. What do you mean by marketing management? Explain its objectives.
6. Name and define the four Ps of the marketing mix.
7. Write a short note on single segment concentrated marketing.
8. Distinguish between marketing concept and selling concept.
9. Illustrate the implementation of marketing concept by modern business organizations.
10. Discuss the relationship between value, satisfaction and quality.
11. Discuss how demographic and economic environment are relevant to a marketer.
12. Explain the impact of (i) Demography and (ii) Social and cultural environment on marketing management.
13. Define and describe the marketing management concept.
14. How should marketers respond to the changing environment?
15. Name and describe the elements of the company’s micro-environment?
16. Define market segmentation.
17. Explain the major features of the marketing concept.
18. What is the difference between market segmentation and product differentiation?
19. Describe the different levels of a product using an example to illustrate.
20. Describe the elements of a promotion mix.
21. Explain the factors to be considered in channel design.
22. Describe the advantages of direct marketing.
23. Compare the five marketing management philosophies
24. Identify and discuss the major forces now changing the marketing landscape and challenging marketing strategy
25. What are the various patterns of target market selection?
26. Illustrate the implementation of marketing concept by modern business organizations.
27. What is “Morph” marketing?
28. Write a brief note on ‘augmented’ marketing.
29. Discuss how demographic and economic environment are relevant to a marketer.
30. Explain the impact of (i) Demography and (ii) Social and cultural environment on marketing management.

III LONG ANSWER TYPE QUESTIONS:

1. What is marketing? What environmental forces have led to the growth of different forms of marketing in today’s world?
2. Which orientation to marketing do you find more relevant social or management? Support your answer with suitable justification.
3. Explain the origin and development of the marketing concepts.

4. Explain the importance and scope of marketing in today's competitive environment.
5. Throw some light on the challenges involved in marketing of goods and services in today's context.
6. Elaborate the concept of Marketing Mix. Is 4 Ps of marketing complete? Comment.
7. What do you mean by marketing environment? How can the external environment be studied?
8. Give the characteristics of modern concept of marketing.
9. What is SWOT analysis?
10. "In today's turbulent business environment competitive intelligence is a hygiene factor". In view of this statement explain why the study of competitive environment is important.
11. Write short notes on:
 - a. PEST analysis
 - b. SWOT analysis
 - c. Five force model
12. What is the requirement of marketers in the demographic environment?
13. What factors affect buying decision making process in industrial buying? Also explain the process of industrial buying.
14. How can an understanding of consumer behavior be useful in developing marketing strategies? Give concrete examples. List and briefly describe each of the stages of the consumer decision making process.
15. Describe various participants of consumer buying process.
16. What is market demand? What do you mean by market measurement? What tools can be used for the same. What is the importance of estimating market demand?
17. What is segmentation? What are the characteristics of effective segmentation?
18. What do you mean by targeting and positioning of a product? What strategies can be used for the same? Also explain some common positioning errors.
19. Discuss the scope and relevance of the concept of market segmentation. Will the scope change with the opening of Indian economy? Illustrate how firms would be benefited in marketing their products and services by segmentation.
20. What do you mean by targeting? What are strategies for targeting a market?
21. Write an explanatory note on market segmentation selection.
22. "With products being differentiated, more and more markets are certain to become increasingly segmented." Discuss this statement and outline the benefits of market segmentation.
23. "Pricing and promotion are integral elements of marketing-mix of a firm". Comment.
24. Explain the concept and scope of expanded marketing-mix.
25. "Marketing is the performance of business activities that direct the flow of goods and services from producer to users or consumers". Explain this statement in the light of importance of marketing.
26. As an independent marketing consultant, you have been asked by one of your clients to describe the benefits to be derived from an effective marketing control system. What information would you provide to your client?
27. Marketing orientated organizations operate within a number of environments that can affect, directly or indirectly, their operations. Identify the main business environments and explain their likely impact on the marketing operations of a company.

28. Classify and discuss the main influences on consumer buying behavior and explain how marketing management can respond to these influences.
29. As a senior marketing consultant, you have been asked to prepare a presentation highlighting the key activities associated with the following: a) Differentiated marketing strategy b) Undifferentiated marketing strategy c) Concentrated marketing strategy
30. As an independent marketing consultant, you have been asked to prepare a report explaining the differences between demographic, geographic and psychographic segmentation and to identify the conditions to effective market segmentation. What information would you include in your report?

UNIT – II

I MULTIPLE CHOICE QUESTIONS:

1. The product mix pricing technique through which companies develop product lines for pricing instead of single products is classified as
 - A. by-product pricing
 - B. optional-feature pricing
 - C. product line pricing
 - D. Two-part pricingANS C
2. The concept of product mix which refers to wide range of product lines carried by the company is classified as
 - A. width of product mix
 - B. length of product mix
 - C. depth of product mix
 - D. consistency of product mixANS A
3. In the product mix, the company producing the toothpaste, paper products, detergents and bathing soap bars is classified as
 - A. product line consistency
 - B. product line width
 - C. product line length
 - D. product line depthANS C
4. The _____ of a product mix refers to how many variants are offered of each product in the line.
 - A. Width
 - B. Length
 - C. Depth
 - D. ConsistencyANS C

5. The _____ of the product mix refers to how closely related the various product lines are in end use, production requirements, distribution channels, or some other way.
- A. Consistency
 - B. Depth
 - C. Width
 - D. Length
 - E. Composition
- ANS A
6. The pricing technique used by sellers while selling individual products in bundles is
- A. optional-feature pricing
 - B. pure bundling pricing
 - C. mixed bundling pricing
 - D. pure bundling pricing
- ANS C
7. Pricing cues such as sale signs and prices that end in 9 become more influential when _____.
- A. Consumer price knowledge is poor
 - B. Items are purchased frequently
 - C. Items have been on the market a long time
 - D. Prices are consistent year-round
 - E. They are employed frequently
- ANS A
8. In market-penetration pricing, the company's objective is to _____, believing that higher sales volume will lead to lower unit costs and higher long-run profits.
- A. Block competitive launches
 - B. Maximize their market share
 - C. Minimize their market share
 - D. Maximize volume
- ANS B
9. To maximize market share, a firm may use _____ pricing, which is based on the theory that as sales volume increases, unit costs will decrease.
- A. Market-penetration
 - B. Market-skimming
 - C. Value pricing
 - D. Demand pricing
- ANS A
10. Consumers _____ low-cost products or items they buy infrequently.
- A. Prefer the lowest total cost of ownership of
 - B. Are ambivalent to prices of
 - C. Are more price sensitive to
 - D. Are less price sensitive to

ANS D

11. Sigma-Sunco has decided to introduce its new sunscreen eye drops in a limited market consisting of only two cities and closely monitor the reactions of potential customers to the product and marketing program. This is called
- A. Diffusion analysis
 - B. Use test
 - C. Concept test
 - D. Test marketing
 - E. Laboratory test.

ANS D

12. At the Melting Moments, an ice cream parlor, customers place their orders, watch their ice-cream sundaes being prepared, and then quickly eat the sundaes in the store before the ice cream melts. This is an example of a characteristic of services known as
- A. Inseparability
 - B. Intangibility
 - C. Heterogeneity
 - D. Perishability
 - E. Dependency.

ANS D

13. Raw materials such as forest and food are termed as a.
- A. Infinite resources
 - B. Finite resources
 - C. Finite renewable resources
 - D. Finite nonrenewable resources
 - E. All of the above

ANS C

14. The optional-feature pricing, captive-product pricing, product-bundling pricing and by-product pricing are considered as the techniques of
- A. product mix pricing
 - B. line stretching pricing
 - C. line filling pricing
 - D. line deepening pricing

ANS A

15. Which of the following is not one of the problems typically associated with secondary data?
- A. It is too expensive to obtain
 - B. It may not be current
 - C. It may not exist
 - D. It may not be impartial
 - E. It may not be reliable.

ANS A

16. Primary data can be collected through all the four ways except –
- A. Observation
 - B. Surveys
 - C. Focus group
 - D. Chatting
 - E. Experiments
- ANS D
17. The research instruments that a marketing researcher can make use of area.
- A. Questionnaires, Qualitative measure and mechanical devices
 - B. Questionnaires, experimental research and behavioral data
 - C. Questionnaires, qualitative measure and experiential research
 - D. Qualitative measure, Experimental research and survey research
 - E. Experimental research, behavioral data and mechanical devices.
- ANS A
18. Intercept interviews involves
- A. Asking questions and recording observations
 - B. Seeking an appointment from respondents and paying some incentive for being interviewed.
 - C. Stopping people at a shopping mall and requesting an interview.
 - D. Calling up people and requesting an interview
 - E. Sending online questionnaire and asking respondents to fill
- ANS C
19. In PLC stages, the stage in which sales and profits declines is called
- A. decline stage
 - B. less improved stage
 - C. product maturity stage
 - D. non-innovative stage
- ANS D
20. The customers in growth stage of life cycle of products are classified as:
- A. Innovators
 - B. early adopters
 - C. middle majority customers
 - D. laggards
- ANS B
21. The total length of each product line is divided by number of product lines which is carried by the company to calculate
- A. average width of product mix
 - B. average length of product mix
 - C. average depth of product mix
 - D. consistency of product mix
- ANS B

22. Whenever a new product eliminates another product because of its improvements, such as CDs to Cassettes, this phenomenon is referred as
- A. Improvements
 - B. Creative destruction
 - C. Creative construction
 - D. Improvement destruction
 - E. Creative innovation.
- ANS B
23. The pricing technique in which variable fee is charged with a fixed fee are called as
- A. product line pricing
 - B. Two-part pricing
 - C. by-product pricing
 - D. optional-feature pricing
- ANS B
24. Which of the following stages is not included in AIDAS theory?
- A. Gaining interest
 - B. Evaluation
 - C. Securing attention
 - D. Inducing action
 - E. Building satisfaction.
- ANS B
25. The pricing technique is used by sellers that offer their products in the bundles only is classified as
- A. pure bundling pricing
 - B. mix bundling pricing
 - C. Two-part bundle pricing
 - D. optional-feature pricing
- ANS A
26. The customer will judge the offering by three basis elements: _____, services mix and quality, and price.
- A. Performance
 - B. Salespeople
 - C. Price
 - D. Product features and quality
 - E. None of the above
- ANS D
27. The five product levels constitute a _____. At each level more, customer value is added.
- A. Customer-augmented product
 - B. Customer consumption system

- C. Customer value-hierarchy
- D. Customer-perceived value
- E. Customer hierarchy

ANS C

28. Marketers have traditionally classified products on the basis of three characteristics: _____, tangibility, and use.

- A. Customer value hierarchy
- B. Expected
- C. Augmented
- D. Durability
- E. None of the above

ANS D

29. The _____ of a product mix refers to how many variants are offered of each product in the line.

- A. Width
- B. Length
- C. Depth
- D. Consistency
- E. Height

ANS C

30. The _____ of the product mix refers to how closely related the various product lines are in end use, production requirements, distribution channels, or some other way.

- A. Consistency
- B. Depth
- C. Width
- D. Length
- E. Composition

ANS A

31. A firm that bases its price on how it thinks the competitors will price, rather than on its own costs or demand, in order to win a contract is most likely using

- A. Going-rate pricing
- B. Cost-plus pricing
- C. Perceived-value pricing
- D. Sealed-bid pricing
- E. Auction-type pricing.

ANS C

32. _____ is the amount of money charged for a product or service.

- A. Price
- B. Accountancy
- C. Demand
- D. Value

ANS A

33. _____ is the sum of the values that consumers exchange for the benefits of having or using the product or service.
- A. Price
 - B. Elasticity
 - C. Demand
 - D. Value estimate

ANS A

34. Throughout most of history, prices were set by _____.
- A. Fixed-price policies constructed by sellers
 - B. Negotiation between buyers and sellers
 - C. Governments and regulatory agencies
 - D. Ruling monarchs

ANS B

35. A _____ policy means that a firm sets one price for all buyers in a given product or service line.
- A. Fixed-price
 - B. Variable-price
 - C. Dynamic-price
 - D. Standard-price

ANS A

II SHORT ANSWER TYPE QUESTIONS:

1. Define a product. What are the various viewpoints to explain the concept of a product?
2. Explain product mix and its elements.
3. "The elements of a product policy are difficult to determine." Comment.
4. Define product planning. How it is different from product development?
5. Explain the concepts of product-line width, length, depth, and consistency.
6. What is growth stage of PLC?
7. What is product development?
8. What are different methods of pricing?
9. Give a brief list of those factors which have contributed to the growing use of packaging as a marketing tool.
10. What is meant by pricing? Why pricing is an important element of marketing mix?
11. What are the determinants of price of a product? Discuss.
12. Define promotion mix.
13. Illustrate and explain the factors that affect pricing decisions by a firm. What factors push up the prices? Discuss.
14. What are the importance of product line decision?
15. Explain (a) skimming and (b) penetration pricing. Point out the reasons for such pricing strategies. What are their advantages?
16. Write short notes on the following

- (a) Product life cycle
 - (b) Emotional product motives
 - (c) Product myopia
 - (d) Psychological pricing
17. Briefly state the important criteria used to screen new product ideas.
 18. Why does a company need to know what stage of the product life cycle its products are in?
 19. Why might profits sometimes decline for the company that first introduced the product during the growth stage of a product's life cycle?
 20. "High price is equivalent to high quality product". Comment
 21. Explain the concept of PLC?
 22. Can companies rescue product foundering in the maturity phase of their life cycle and return them to the growth phase? Suggest strategies that marketers may use to force consumers mental shift.
 23. Explain the AIDA model in brief?
 24. What do you understand by test marketing?
 25. What do you understand by value pricing and going rate pricing techniques of determining price for a product?
 26. What are the objectives and strategies considered as the pillars for the success of any product? Discuss with examples.
 27. What is meant by product differentiation? Compare the advantages of product differentiation and market segmentation.
 28. Distinguish between product planning and product life-cycle.
 29. Describe concept testing as it is used to manage the development process.
 30. Briefly discuss the reasons for failure of new products.

III LONG ANSWER TYPE QUESTIONS:

1. Write an essay on product policy of any marketing organization.
2. What is meant by product line expansion? Are the product line expansion and diversification synonyms?
3. What are the reasons of going in for diversification? Explain with the help of examples.
4. In an economy of change, continuous innovation is necessary. Most companies rarely innovate, some innovate occasionally, and a few innovate continuously. Comment on why a company should continuously develop new products.
5. What are the steps involved in new product launch? Discuss with the help of suitable examples.
6. Describe the important criteria used to screen new product ideas.
7. How can the test of PLC be used in the following?
 - (a) As a tool of plan market share strategies
 - (b) As an indication of opportunity to a firm
8. How PLC concept works as a guideline for formulating and implementing the marketing strategies.
9. In planning its market offering, the marketer must address the five product levels of the customer-value hierarchy. Describe the "customer-value hierarchy" and identify the five levels of product contained within.

10. Customer needs and wants are the logical place to start the search for new product ideas. Identify four ways a company can draw new ideas from its customers.
11. Prior research has shown that although consumers may have fairly good knowledge of the range of prices involved, surprisingly few can recall specific prices of products accurately. When examining products, consumers often employ reference prices. List the possible prices consumers use as their “reference.”
12. What is meant by pricing policy? How can the pricing policy be developed for an organization? Discuss in detail the basic methods of pricing adopted by Indian industry.
13. Write an essay on legal restrictions on fixing a price for a product.
14. Why do pricing objectives vary from organization to organization? What is the importance of pricing objectives? Discuss.
15. What are the factors that affect pricing decisions in a marketing organization?
16. “Price is the only element of marketing mix that produces revenue”. Discuss. Identify and discuss the six steps of the pricing procedure. Explain.
17. An increasing number of companies are basing their prices on the customer’s perceived value. Explain the concept of “perceived value” and identify the key to pricing in this manner.
18. As a president of a home video recording Machine Company, you must decide between penetration or skimming pricing policy. Explain the factors you would consider in making your choice.
19. Define pricing as a function of marketing and discuss its contribution in the success of the marketing strategy of a company.
20. What are various kind of pricing strategies? Discuss in detail. What are the factors affecting price – sensitivity? Describe the factors that influence the pricing strategy of a firm.
21. Suggest appropriate pricing strategies for the following products/services:
 - (a) Insurance policy
 - (b) Car batteries
 - (c) Chocolate bars
22. Write an essay on Total Quality Management highlighting the importance of quality products in marketing.
23. Examine the salient factors that ought to be taken into account while introducing a new product. Illustrate your answer.
24. Suggest appropriate marketing strategies for each of the stages of the product life-cycle.
25. What do you understand by psychological pricing and premium pricing? Based on your personal experience, give examples of both.
26. What are the various levels of product explain in detail by using a real-life examples.
27. Distinguish between the concepts of product length, product width and product depth. Quote any 3 examples of FMCG companies which clearly bring out the distinguish.
28. Explain the various demand-based and competition-based techniques and approaches of price determination.
29. Explain the role of branding and packaging of a product.
30. What are the various stages involved in the new product development process.

UNIT – III

I MULTIPLE CHOICE QUESTIONS :

1. Marketing channel that involves no intermediaries to make their products available to final buyers is classified as
 - A. direct channel
 - B. indirect channel
 - C. flexible channel
 - D. static channelANS A

2. Process of managing upstream and downstream of final goods, flow of raw materials and information about resellers and final consumers is classified as
 - A. marketing logistics network
 - B. supply chain management
 - C. delivery network
 - D. physical distribution networkANS B

3. In marketing channels, conflict occurs in marketing channels working at same level is classified as
 - A. steep conflict
 - B. slope conflict
 - C. vertical conflict
 - D. horizontal conflictANS D

4. Network of delivering products to customer which is composed of distributors, suppliers and manufacturing company is classified as
 - A. supply chain management
 - B. marketing channels
 - C. delivery channels
 - D. value delivery networkANS D

5. In marketing intermediaries, way of distribution in which few dealers distribute company's product in selective territories is classified as
 - A. selective distribution
 - B. intensive distribution
 - C. inclusive distribution
 - D. exclusive distributionANS D

6. Avon, Amway, and Tupperware use which of the following forms of channel distribution?
- A. direct marketing channel
 - B. indirect marketing channel
 - C. forward channel
 - D. fashion channel

ANS A

7. From the economic system's point of view, the role of marketing intermediaries is to transform:
- A. Raw products into finished products.
 - B. Consumer needs into producer needs.
 - C. Consumer needs and wants into product desires.
 - D. Assortments of products made by producers into the assortments wanted by consumers.

ANS D

8. A distribution channel moves goods and services from producers to consumers. It overcomes the major time, place, and _____ gaps that separate goods and services from those who would use them.

- A. possession
- B. profit
- C. image
- D. psychological

ANS A

9. Through their contacts, experience, specialization, and scale of operation, _____ usually offer the firm more than it can achieve on its own.

- A. manufacturers
- B. producers
- C. direct marketers
- D. intermediaries

ANS D

10. Makers of televisions, cameras, tires, furniture, and major appliances normally use which of the following distribution channel forms?

- A. direct marketing channel
- B. indirect marketing channel
- C. horizontal channel
- D. synthetic channel

ANS B

11. Using manufacturer's representatives or sales branches is usually a characteristic of which of the following channel forms?

- A. business marketing channels
- B. customer marketing channels

- C. service marketing channels
- D. direct marketing channels

ANS D

12. Transporting and storing goods is part of which of the following marketing channel functions?

- A. negotiation
- B. physical distribution
- C. contact
- D. matching

ANS B

13. Who sells to the customers?

- A. Semi wholesalers
- B. Wholesalers
- C. Retailer
- D. Distributor

ANS C

14. The benefits of marketing channels are.....

- A. Cost saving
- B. Time saving
- C. Financial support given
- D. All of above

ANS D

15. With respect to a channel of distribution, the number of intermediary levels within the channel indicates the _____ of a channel.

- A. width
- B. depth
- C. length
- D. similarity

ANS C

16. Independent firms at different channel levels integrate their programs on a contractual basis to achieve systemic economies and increased market impact are known as.....

- A. Corporate vertical marketing systems
- B. Contractual vertical marketing systems
- C. Administered vertical
- D. None of the above

ANS B

17. Which of the following statements about the sales force in the 21st century is true?

- A. Sales managers will use a hands-off approach and let the professional salesperson be his or her own boss
- B. Transactional exchanges no longer occur

- C. Sales management must be smart and nimble and provide technology-centered solutions to support the sales effort
- D. Salespeople make little use of the Internet because they realize the importance of the personal touch
- E. All of the above statements about the sales force in the 21st century are true.

ANS C

18. When channel members assume responsibility for one or more of the marketing flows over at least two separate levels of distribution manufacturing and wholesaling, in fact, such systems are synonymous with both forward and backward vertical integration is known as.....

- A. Corporate vertical marketing systems
- B. Contractual vertical marketing systems
- C. Administered vertical marketing systems
- D. None of the above

ANS A

19. The difference between transactional selling and relationship selling is

- A. In transaction, selling buyers must pay cash
- B. In relationship selling, buyers and sellers must be related
- C. In transaction selling, sellers provide greater service
- D. In relationship selling, sellers work to provide value to their customers e. In transaction selling, the transaction is the beginning of a relationship

ANS D

20. A _____ is a set of interdependent organizations involved in the process of making a product or service available for use of consumption by the consumer or business user.

- A. retailer
- B. wholesaler
- C. distribution channel
- D. middleman

ANS C

21. The work of setting up objectives for selling activities, determining and scheduling the steps necessary to achieve these objectives is known as.....

- A. Selling
- B. Sales policy
- C. Sales programme
- D. Sales planning

ANS D

22. Karen is studying the potential for selling her company's products in China. As part of her analysis, she is assessing the number, types and availability of wholesalers and retailers. Karen is studying the country's

- A. Natural conditions

- B. Technological feasibility
 - C. Social and cultural norms
 - D. Distribution structure
 - E. Legal and political constraints
- ANS D

23. Mr. Narayan, the new national sales manager is learning about the internal organizational environment in her company. She will learn about all the following EXCEPT
- A. Human resources
 - B. Financial resources
 - C. Service capabilities
 - D. Social and cultural environment
 - E. Research and development activities
- ANS D

24. Which is not a strategic role of sales management?
- A. Tracking
 - B. Reporting
 - C. Delivery
 - D. Optimizes distribution
- ANS C

25. John, the sales manager for a building materials company, knows the customers in one profitable sales territory, are particularly hostile to women sales reps. John faces an ethical dilemma primarily in the area of:
- A. Determining compensation and incentives
 - B. Equal treatment in hiring and promotion
 - C. Respect for individuals in supervisory and training programs
 - D. Fairness in the design of sales territories e. Fairness in the assignment of sales territories
- ANS E

26. Market –oriented firms focus on:
- A. Retailers
 - B. Distributors
 - C. Customers
 - D. Wholesalers
- ANS C

27. Reorder point tells
- A. When to order
 - B. How much to order
 - C. When the order will reach
 - D. All of the above
- ANS A

28. Which of the following is not an area of responsibility for a logistics manager?
- A. Inventory
 - B. Marketing
 - C. Information systems
 - D. Warehousing
- ANS B
29. Which of the following should be the first step in designing a marketing channel?
- A. Exploring international opportunities
 - B. Evaluating intermediaries
 - C. Identifying what consumers want from the channel
 - D. Identifying channel objectives
- ANS C
30. Which type of product might require a more direct marketing channel to avoid delays and too much handling?
- A. products in their decline stage
 - B. products in their maturity stage
 - C. perishable products
 - D. high-priced products
- ANS A
31. The process of getting goods from manufacturers to customers has traditionally been known as
- A. Physical Distribution
 - B. Promotion
 - C. Advertising
 - D. Branding
- ANS A
32. Managing both downstream and upstream flows and related information among suppliers, manufacturers, resellers and final consumers is known as
- A. Supply Chain Management
 - B. Promotion
 - C. Advertising
 - D. Branding
- ANS A
33. An efficient physical distribution system is needed ----.
- A. To reduce the costs of distribution
 - B. To increase the costs of distribution
 - C. To streamline the promotion process
 - D. To create awareness in consumers' mind about the product
- ANS A

34. Distribution logistics begin with a ----.
- Customer order
 - Assembling
 - Packaging
 - Dispatch of goods to consumers
- ANS A
35. Combination of rail and trucks is called ----.
- Piggyback
 - Fishback
 - Train ship
 - Warehouse
- ANS A

II SHORT ANSWER TYPE QUESTIONS:

- How can one motivate the intermediaries?
- How does the nature of a product influence the choice of a channel of distribution?
- What are the ethical issues involved in choice of an intermediary?
- What factors lead to the growth of sales promotion?
- Write a short note on Direct Marketing as an emerging channel of distribution.
- Write a short note on the effectiveness of celebrity endorsements.
- What do you understand by distribution logistics?
- What is the purpose of marketing communication?
- Write a short note on agency payment system.
- What are the necessary traits of an effective salesman?
- Explain consumer promotion as a technique of sales promotion.
- Write a brief note on channel dynamics.
- Compare a Store and a Non-Store based retailer.
- Write short notes (on any three)
 - Co-branding
 - Channel conflicts
 - Types of advertising
 - Non-store retailing
 - New trends in packaging.
- Discuss the factors that influence channel design decisions.
- Middlemen are parasites. This charge has been made by many over the centuries. Is this likely to be the case in a competitive economic system? Why or why not?
- What are the major activities involved in physical distribution of goods?
- Explain the role of marketing in Indian economy.
- Explain three functions of labeling.
- Explain the functions of packing
- What are the major activities involved in physical distribution of goods.
- Explain the various Channels of distribution
- What does physical distribution mean? Explain four important decision areas in management of physical distribution.

24. Explain in detail the term Viral Marketing? How it is different from Retail Marketing?
25. Discuss “The law of pull and push” in context of Internet Marketing.
26. Distinguish between intensive, selective and exclusive forms of distribution.
27. What are some of the advantages of direct distribution.
28. What are the hurdles faced in indirect distribution?
29. What are the benefits of including intermediaries in the distribution process.
30. How do intermediaries ease out the distribution process?

III LONG ANSWER TYPE QUESTIONS:

1. Explain the concept of distribution channels. What are the functions performed by distribution channels?
2. What factors influence the selection of intermediaries? How can channel members be managed effectively?
3. Explain meaning and nature of marketing Channel?
4. Discuss various types of Intermediaries.
5. Discuss the channel functions with relevant examples
6. Discuss the factors affecting channels choice.
7. A large sized company is planning to introduce a range of consumer electronic products in India. Briefly discuss various decisions company needs to make in connection with the development of its channel strategy.
8. Explain the major considerations in the selection of a distribution channel for consumer products. What are the criteria that can be used for the evaluation of channel members? Give examples also.
9. Charms Spa, a Spa chain having branches all over India is setting up its new branch at Hyderabad. As the spa concept is new to many Indian customers, it is planning to run a sales promotion campaign to attract customers and create awareness about its service offerings. What are the various sales promotion schemes that Charms Spa can adopt?
10. Syscom, a computer education provider operating successfully in Hyderabad is planning to expand nationally. However, the company is uncertain as to whether it should adopt the direct distribution route or the franchising route. Which option will be appropriate for Syscom?
11. Insurance companies sell their services mainly through agents and brokers, instead of selling them through their own personnel. What are the major reasons for their adopting such a distribution strategy?
12. Is channel policy always determined by the manufacturer? What factors influence the selection of channel for distribution of the following products: -
 - a. Soft drinks
 - b. Cosmetics
13. Westside, a departmental store chain with 14 stores spread across the country, is planning to enter the hypermarket segment under the brand name ‘Star India Bazaar’. The stores are mainly aimed at middle class customers who are cost conscious. The product range includes grocery, durables, apparels, utensils, and plastics. If you were marketing director for the company, how would you go about planning the service promotion for the hypermarket venture?

14. “Call Us Cabs” is a new service provider in the city. The market is already nearing saturation with the city hosting several other service providers in the same industry like “Maxi cabs”, “Citi Taxi”, “City Cabs”, etc. What pricing strategy should the new service provider adopt for each of the stages of its life cycle?
15. American Pizzas, a leading fast food chain in the US, entered the Indian market through the franchising route in 1999. It replicated its American style of functioning and within one year of inception, the outlets increased from 4 to 20 and the company recorded sales revenue of Rs 50 crore. However, with increasing competition from other US fast food chains and local players, sales have dipped drastically. The company’s in-house study revealed that the low motivational levels of the franchisees and poor service quality were the main factors for the poor performance. Suggest an intermediary management strategy that will help American Pizzas resurrect sales in India.
16. Pantaloon Retail India Ltd, a leading retailer in India with brands Pantaloons, Big Bazaar, Food Bazaar, and Gold Bazaar, has recently entered into mall management services by opening a chain of malls in various cities under the brand ‘Central’. It leases its mall to various consumer product manufacturers and service providers. In November 2004, it opened ‘Hyderabad Central’ with an investment of Rs 70 crore. While deciding the leasing rate for the stores in the mall, what pricing objective will Pantaloon seek to implement?
17. ABN-Amro Bank has surprised the banking industry by announcing the lowest interest rate of 6.5% for its housing loans, which is 1% less than what other banks are offering. What kind of pricing strategy has ABN-Amro Bank adopted in this case? Describe the pricing strategy.
18. (a) What factors must be considered in the selection of marketing channels?
19. (b) A new firm is designing and marking trendy and highly stylish women’s clothing. Should the firm establish a website to sell its products?
20. GATI, the cargo services company, plans to launch 'The Millennium Parcel Express' a co-enterprise between Gati and Indian Railways, that consists of a cargo train, having a capacity of 230 tones, specially designed to carry high-value express cargo. What do you think the promotional objective of GATI should be? Which of the promotion mix elements would be best suited to launch 'The Millennium Parcel Express'?
21. Fit & Fine, a leading chain of health and fitness centers brings out advertisements which say, “Bring this advertisement and avail free 5kg weight loss program”. What is the motive behind such promotions?
22. You are the marketing manager of Citi Bank’s Online Banking Division. How would you provide the concepts of providing customer satisfaction and customer retention to designing and marketing effective online banking?
23. Why do we use direct marketing? How do we measure the results of direct marketing?
24. What are the various macro variables of the marketing environment? How do these variables influence the four P’s of marketing? Give examples.
25. How the organizations procure the required inputs from the suppliers. Explain in detail the entire process of organizational buying behavior.
26. If you are the head of sales and distribution and you have been assigned the task of selecting distributors to handle your company’s line of white goods. What criteria will you use to select among the 10 distributors which have been shortlisted.
27. What factors are kept in mind in selecting channels of marketing.

28. What are the various types of channel strategies used by the marketers.
29. Write a detailed note on contemporary methods of distribution of products and services.
30. What is dual distribution? Why is it used these days?

UNIT – IV

I MULTIPLE CHOICE QUESTIONS:

1. Considering promotional mix, method of giving short term incentives to encourage sale of particular market offering is classified as
 - A. sales promotion
 - B. personal selling
 - C. public relations
 - D. advertisingANS A

2. According to promotional mix, method which follows corporate image building, handling unfavorable events and stories to get favorable publicity is called
 - A. sales promotion
 - B. personal selling
 - C. public relations
 - D. advertisingANS C

3. Considering promotional mix, paid, non-personal promotion of ideas or market offerings by some specific sponsor is classified as
 - A. public relations
 - B. advertising
 - C. sales promotion
 - D. personal sellingANS C

4. Systematic blend of personal selling, sales promotion, advertising and public relations to communicate customer value is called
 - A. promotion mix
 - B. marketing communication mix
 - C. strategic buyer behavior mix
 - D. both a and bANS D

5. According to promotional mix, method which focuses on building relationships with individual customers to maintain lasting relationship is called
 - A. sales promotion
 - B. offline promotion
 - C. direct channeling
 - D. direct marketingANS D

6. Major strategies regarding promotion mix are
- A. pull and push strategy
 - B. rational and moral selling strategy
 - C. direct strategy
 - D. indirect strategy
- ANS A
7. Promotion strategy in which producers promotes goods to final customers by using sales force is classified as
- A. rational selling strategy
 - B. push strategy
 - C. pull strategy
 - D. moral selling strategy
- ANS B
8. Promotional mix strategy in which advertisement and promotions are made to final customers to induce them to buy products is classified as
- A. pull strategy
 - B. moral selling strategy
 - C. rational selling strategy
 - D. push strategy
- ANS A
9. Method of managing promotion budget by defining objectives, determining tasks to achieve objectives and estimating costs for activities is called
- A. percentage of sales method
 - B. affordable method
 - C. competitive parity method
 - D. objective and task method
- ANS D
10. Method of managing advertising budget at a certain percentage of sales price per unit or forecasted sales of products is classified as
- A. percentage of sales method
 - B. affordable method
 - C. competitive parity method
 - D. objective and task method
- ANS A
11. Methods used to determine total budget for advertising its market offerings are
- A. affordable method
 - B. competitive parity method
 - C. percentage of sales method
 - D. all of above
- ANS D

12. Method of managing promotional budget to match outlays of competitors is called
- A. percentage of sales method
 - B. affordable method
 - C. competitive parity method
 - D. objective and task method
- ANS C
13. Method of managing advertising budget at company can have money for is classified as
- A. percentage of sales method
 - B. affordable method
 - C. competitive parity method
 - D. objective and task method
- ANS B
14. Another name for a company's marketing communications mix is:
- A. The advertising program.
 - B. The sales force.
 - C. The image mix.
 - D. The promotion mix.
- ANS D
15. Which tool of the promotional mix is defined as any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor?
- A. Advertising
 - B. Public relations
 - C. Direct marketing
 - D. Sales promotion
- ANS A
16. The _____ is the specific mix of advertising, personal selling, sales promotion, public relations, and direct marketing tools that the company uses to pursue its advertising and marketing objectives.
- A. Value mix
 - B. Integrated dealer mix
 - C. Marketing communications mix
 - D. Marketing control mix
- ANS C
17. Which tool of the promotional mix consists of short-term incentives to encourage the purchase or sale of a product or service?
- A. Advertising
 - B. Public relations
 - C. Direct marketing
 - D. Sales promotion
- ANS D

18. If a company wants to build a good “corporate image,” it will probably use which of the following marketing communications mix tools?
- A. Advertising
 - B. Public relations
 - C. Direct marketing
 - D. Sales promotion
- ANS B
19. _____ is direct communications with carefully targeted individual consumers to obtain an immediate response.
- A. Personal selling
 - B. Public relations
 - C. Direct marketing
 - D. Sales promotion
- ANS C
20. There is an increasing amount of commerce being done via the Internet. With respect to the promotional mix, which of the following categories would be most directly concerned with Internet commerce?
- A. Advertising
 - B. Public relations
 - C. Direct marketing
 - D. Sales promotion
- ANS C
21. The personal presentation by the firm’s sales force for the purpose of making sales and building customer relationships is called:
- A. Personal selling.
 - B. Public relations.
 - C. Direct marketing.
 - D. Sales promotion.
- ANS A
22. Which of the following major promotional tools use press relations, product, Publicity, corporate communications, lobbying, and public service to communicate Information?
- A. Advertising
 - B. Public relations
 - C. Direct marketing
 - D. Sales promotion
- ANS B
23. Which of the following major promotional tools use the telephone, mail, fax, e-mail, and the Internet to communicate directly with specific consumers?
- A. Advertising

- B. Public relations
- C. Direct marketing
- D. Sales promotion

ANS C

24. Although the promotion mix is the company's primary communication activity, the _____ must be coordinated for greatest communication impact.

- A. Organizational culture
- B. Entire marketing mix
- C. Demand mix
- D. Profit variables in a company

ANS B

25. Two major factors are changing the face of today's communications. One of these factors is the fact that:

- A. Costs of promotion are rising.
- B. Mass markets are fragmented and marketers are shifting away from mass marketing.
- C. Global communications are not growing rapidly enough.
- D. Marcom managers have achieved more power and control.

ANS A

26. Identify the products that the customer usually buys frequently and with a minimum of comparison and buying effort.

- A. Specialty
- B. Convenience
- C. Unsought
- D. Augmented Answer

ANS B

27. _____ guides the development of advertisements and personal sales presentations.

- A. AIEA
- B. AIBA
- C. AICA
- D. AIDA

ANS D

28. Of the following reasons, which is not a reason to use sales promotion?

- A. To reach new customers
- B. To reward behaviour
- C. To develop brand image
- D. To assist integration

ANS C

29. Which of the following is NOT considered to be an objective associated with the use of sales promotions?
- A. Change buyer attitudes
 - B. Increase volume of individual purchases
 - C. Prompt buyers into trial purchase
 - D. Product improvement
- ANS A
30. Sales promotions are thought to make consumer purchase decisions:
- A. less satisfying
 - B. simpler
 - C. more complex
 - D. more satisfying
- ANS D
31. If there is low involvement and the product/market is established then sales promotions should be used for:
- A. loyals to reward and increase usage
 - B. loyals to increase loyalty
 - C. loyals to encourage trial
 - D. all to block out the competition
- ANS A
32. According to promotional mix, the method which follows corporate image building, handling unfavorable events and stories to get favorable publicity is called
- A. sales promotion
 - B. personal selling
 - C. public relations
 - D. advertising
- ANS C
33. Public Relations is managed by which marketing mix?
- A. Product
 - B. Price
 - C. Promotion
 - D. Place
- ANS C
34. Newsletters, catalogues, and invitations to organization-sponsored events are most closely associated with the marketing mix activity of:
- A. Pricing
 - B. Distribution
 - C. Product development
 - D. Promotion
- ANS D

35. The promotion “P” of marketing is also known as _____.
- A. Product Differentiation
 - B. Distribution
 - C. Cost
 - D. Marketing Communication
- ANS D

II SHORT ANSWER TYPE QUESTIONS:

1. What are the major issues involved in developing a promotion campaign?
2. Enumerate the various components of communication mix
3. Draw a flowchart of the integrated marketing communication process.
4. What is the difference between Personal Selling and On-line selling?
5. Compare the role of a Retailer and a Wholesaler in promotion of a product.
6. What do you understand by Publicity?
7. Enumerate the objectives of sales promotion.
8. Explain industrial states and telemarketing as non-traditional methods of communication.
9. Enumerate the components of an advertisement copy.
10. Write a short note on public relations
11. When is Personal Selling more appropriate than other methods of Sales Promotion?
12. Distinguish between the various elements of promotion mix.
13. “Sales promotion and Advertising are two names of the same thing’. Comment.
14. Are Publicity and Word -of- mouth Communication similar? Why or why not?
15. What are the merits and demerits of advertising?
16. A toy car is free with noodles is the example of one promotional technique. Name the technique and explain two techniques with examples.
17. You have invented a device for killing mosquitoes. Suggest two ways to promote it in the market.
18. You are advertising manager of organization producing refined oil. Which media will you choose to advertise your product and why?
19. State briefly the objectives of Advertising
20. Distinguish between advertising and personal selling
21. What is Umbrella Marketing? Name 3 Products of HLL which comes under Umbrella Marketing?
22. How is Online Marketing different from Direct Marketing?
23. How can you differentiate “The Law of Niche” from “The Law of Giving and Selling”?
24. When is Personal Selling more appropriate than other methods of Sales Promotion? Explain with examples.
25. Write short notes on any three of the following: a) STP strategies b) Targeting Strategies
26. What are the three basic properties of Direct Marketing?
27. Explain the steps involved in personal selling process.
28. What are the various sales promotion technique used by marketers for traders?
29. Write short notes on the following topics: - a) Elements of promotion mix, b) Promotional Mix, c) Marketing Concept
30. Discuss the advantages of adopting Consumer-oriented marketing in today’s marketing era.

III LONG ANSWER TYPE QUESTIONS :

1. What do you mean by marketing communication mix? What is the role of marketing communication in today's marketing environment?
2. What steps should be taken ensure that the marketing communication is effective?
3. What do you mean by promotion mix? What are its determinants?
4. Explain the different elements of promotion mix. Also bring out the advantages and disadvantages of each element over the other.
5. What do you mean by personal selling? What are the steps in the personal selling process?
6. What do you mean by sales promotion? What are its types? Elaborate on some tools of trade promotion.
7. Discuss the major objectives of Sales Promotion. As a marketer of a leading consumer durable company. When do you consider it an appropriate time to organize such promotions and why?
8. India TV is a new Hindi news channel launched in the cluttered Indian television channel market with well-entrenched names like NDTV, Zee News, Aajtak, and Star News. Mr. Rajat Sharma the head of India TV wants to establish the channel as a "mouthpiece of the common man." As the channel is free-to-air, its only source of revenue is advertising. Therefore, while pricing the advertising space in the channel what are various factors that the channel management must keep in mind?
9. Assure USA a leading insurance company in the US has established its BPO subsidiary in India for managing its inbound and outbound telemarketing activities. However, the company received complaints from customers regarding poor customer service and improper response at the Indian subsidiary. What may be the factors that are responsible for such poor communication process?
10. What in your opinion will be suitable consumer promotion scheme for branded Atta in Delhi?
11. What is advertising? What is the relevance of advertising in today's markets?
12. "Advertisements pays when business is bad and it also pays when business is good". Justify this statement with examples.
13. "A marketing communication must start with a clear target audience in mind". Elaborate.
14. Explain the role of personnel selling in rural marketing?
15. Discuss the major objectives of Sales Promotion. As a marketer of a leading consumer durable company. When do you consider it an appropriate time to organize such promotions and why?
16. (a) "Advertising is a waste of consumers' money." Do you agree? Why?
(b) Explain the objectives of and types of consumer sales promotions commonly used in the fast-moving consumer goods category.
17. Explain the promotional strategy that you would use during the Growth and Maturity stages of the following products: (i) Men's shoes (footwear) (ii) Laptops
18. Why and how do psychological factors influence consumer buying behaviour ? As a potential buyer of a latest brand of DVD, briefly explain the social and cultural factors that affect your buying decision.

19. (a) Discuss the major objectives of Sales Promotion. As a marketer of a leading consumer durable company, when do you consider it an appropriate time to organise such promotions and why?
(a) Personal Selling and Advertising are the two major vehicles of communication for marketing industrial products. Discuss with a suitable example of your choice.
20. Direct selling is a two-way communication best suited to a company marketing consumer product with a poor brand loyalty. Discuss for selling, FMCG in today's context, Examine the role of direct selling as a tool of direct marketing.
21. Enumerate and discuss the direct marketing strategies for the following
 - (a) FMCG Company
 - (b) Indian Airlines
 - (c) Santro Car
22. Sales promotion is an important tool for
 - (a) Increasing sales. Explain the relevant tools which can be used in rural marketing.
 - (b) Explain the problem of Rural banking with example.
23. Your company has recently launched a range of technically superior television sets in rural market. The constraint that you face the favor of incurring huge advertising expenditure. Suggest the route you will take in your advertising planning.
24. How personal selling is important to (a) business men (b) Customer and (c) Society
25. Tata Steel Ltd. wants to promote its sales in the market. Suggest any three sales Promotion techniques for the purpose.
26. Discuss the major objectives of Sales Promotion. As a marketer of a leading consumer durable company, when do your consider it an appropriate time to organise such promotions and why?
27. Personal Selling and Advertising are the two major vehicles of communication for marketing industrial products. Discuss with a suitable example of your choice.
28. What are the most effective direct marketing techniques?
29. What are the advantages of digital marketing? Explain in detail.
30. For selling, FMCG in today's context, Examine the role of direct selling as a tool of direct marketing.

QUESTION BANK

MANAGEMENT ACCOUNTING

BCOM 203

QUESTION BANK
MANAGEMENT ACCOUNTING – BCOM(H)
BCOM(H) -III

UNIT – I

I MULTIPLE CHOICE QUESTIONS:

1. Balance sheet indicates the financial status of the business _____.
A. For a day
B. For a month
C. For a year
D. At given period
ANS. D

2. ___do not give the returns during the same period during which they are paid for
A. Intangible assets
B. Fixed assets
C. Both (A) and (B)
D. None of the above
ANS. B

3. Following is (are) called the element(s) of Cost
A. Material
B. Labour
C. Expenses
D. All of the above
ANS. D

4. _____ Accounting becomes a source of information for Management Accounting.
A. Financial
B. Cost
C. Both (A) and (B)
D. None of the above
ANS. A

- 5- Profit and Loss Account debit side includes
A. Salary
B. Discount allowed
C. Postage & telegram
D. All of the above
ANS. D

- 6- The following is (are) the indirect labour cost(s)
A. Wages paid to storekeeper
B. Salary of works manager
C. Wages paid to gatekeeper
D. All of the above
ANS. D
- 7- The term management accounting was first coined in
A. 1960
B. 1950
C. 1945
D. 1955
ANS. B
- 8- Management accounting is
(i) Subjective
(ii) Objective
A. Only (i)
B. Only (ii)
C. Both (i) and (ii)
D. None of the above
ANS. A
- 9- The use of management accounting is
A. Optional
B. Compulsory
C. Legally obligatory
D. Compulsory to some and optional to others
ANS. A
- 10- The management accounting can be stated an extension of
(i) Cost Accounting
(ii) Financial Accounting
(iii) Responsibility Accounting
A. Both (i) and (ii)
B. Both (i) and (iii)
C. Both (ii) and (iii)
D. (i), (ii), (iii)
ANS. D
- 11- Which of the following is true about management accounting?
(i) Management accounting is associated with presentation of accounting data.
(ii) Management accounting is extremely sensitive to investors needs.
A. Only (i)

- B. Only (ii)
- C. Both (i) and (ii)
- D. None of the above

ANS. A

12- Management accounting assists the management

- A. Only in control
- B. Only in direction
- C. Only in planning
- D. In planning, direction and control

ANS. D

13- Which of the following are tools of management accounting?

- (i) Decision accounting
- (ii) Standard costing
- (iii) Budgetary control
- (iv) Human Resources Accounting

- a. (i), (ii) and (iii)
- b. (i), (iii) and (iv)
- c. (i),(ii) and (iii)
- d. (i), (ii), (iii), (iv)

ANS. C

14- Management accounting is related with

- (i) The problem of choice making
- (ii) Recording of transactions
- (iii) Cause and effect relationships

- A. (i) and (ii)
- B. (ii) and (iii)
- C. (i) and (iii)
- D. All are false

ANS. C

15. Management accountancy is a structure for

- A. Costing
- B. Accounting
- C. Decision making
- D. Management

ANS. C

16. Who coined the concept of management accounting?

- A. R.N Anthony
- B. James H. Bliss
- C. J. Batty

D. American Accounting Association
ANS. B

17. Which of the following statements are false about management accounting?
- (i) Management accounting is concerned with historical events.
 - (ii) Management accounting is related only with such instances which can be expressed in monetary terms.
 - (iii) Management accounting is a part of Financial Management
 - (iv) Management accounting information can be disclosed to outsiders.
- A. (i), (ii) and (iii)
B. (i), (iii) and (iv)
C. (i),(ii) and (iii)
D. (i), (ii), (iii), (iv)

ANS. C

18. Management accounting deals with
- A. Quantitative information
 - B. Qualitative information
 - C. Both a and b
 - D. None of the above

ANS. C

19. The definition ‘Management Accounting is the presentation of accounting information in such a way as to assist management in the creation of policy and the day-to-day operation of an undertaking.’
- A. Anglo-American Council on Productivity
 - B. AICPA
 - C. Robert N. Anthony
 - D. All of the above

ANS. A

20. The prime function of accounting is to:
- A. record economic data
 - B. provide the informational basis for action
 - C. classify and record business transactions
 - D. attain non-economic goals.

ANS. B

21. The basic function of management accounting is to:
- A. record all business transactions
 - B. interpret the financial data
 - C. assist the management in performing its functions effectively
 - D. None of the above

ANS. C

22. Management accounting involves
- A. Preparation of financial statements
 - B. Analysis and interpretation of data
 - C. Recording of transactions
 - D. None of the above
- ANS. B
23. Management accounting provides invaluable services to management in performing:
- A. All management functions
 - B. Coordination functions
 - C. Controlling functions
 - D. Directing function
- ANS. A
24. Cost accounting mainly helps the management in:
- A. Earning extra profits
 - B. Providing information to the management for decision-making.
 - C. Fixing process of the products.
 - D. Selling products
- ANS. B
25. Variable cost per unit:
- A. Remains fixed
 - B. Fluctuates with the volume of production
 - C. Varies in sympathy with 'the volume of sales.
 - D. None of the above
- ANS. B
26. If the activity level increases 10%, total variable costs will
- A. remain the same
 - B. increase by more than 10%
 - C. decrease by less than 10%
 - D. increase by 10%
- ANS. A
27. Opportunity cost helps in:
- A. Ascertainment of cost
 - B. Controlling cost
 - C. Making managerial decisions
 - D. Fixing selling price
- ANS. C
28. Conversion cost is the sum total of:
- A. Direct material cost and direct wages cost
 - B. Direct wages, direct expenses and factory overheads
 - C. Indirect wages and factory overheads

D. Indirect wages , direct wages & factory overheads

ANS. C

29. Fixed cost per unit increases when:
- A. Production volume decreases
 - B. Production volume increases
 - C. Variable cost per unit decreases
 - D. None of the above

ANS. D

30. Cost behaviour analysis is a study of how a firm's costs
- A. relate to competitors' costs
 - B. relate to general price level changes
 - C. respond to changes in activity levels within the company
 - D. respond to changes in the gross national product

ANS. C

II - Short Answer Type Questions:

1. Define Management Accounting.
2. Discuss the scope and functions of Management Accounting.
3. What are different advantages of Management Accounting.
4. Distinguish between Management Accounting and Cost Accounting.
5. What is meant by Management Accounting? Discuss its objectives.
6. Distinguish between Financial Accounting and Management Accounting.
7. "Management Accounting provides immense help in management decision-making." Discuss.
8. Define Management Accounting and state its advantages.
9. Explain the limitations of Financial Accounting.
10. What are the tools of Management Accounting?
11. Define and explain responsibility accounting.
12. Explain the distinction between cost accounting and management accounting.
13. "The Controller is both a line and a staff executive." Do you agree? Why?
14. "The methods of Financial Accounting" and Management Accounting differ." Explain.
15. Management Accounting is an extension of Financial Accounting: Discuss.
16. Management Accounting assists in Corporate Planning process. Explain and illustrate.
17. State objectives and limitations of Management Accounting.
18. What are the duties and responsibilities of a Management Accountant?
19. How does Management Accounting differ from Financial Accounting?
20. "Management Accounting is an extension of Financial Accounting. "Discuss?
21. Explain are the duties and responsibilities of a Management Accountant?
22. Explain the functions of Accounting?
23. Distinguish between Management Accounting and Cost Accounting.
24. Explain the nature and scope of management accounting
25. What are the tools of Management Accounting

26. Discuss importance of Management Accounting?
27. What are limitations of Management Accounting?
28. State how Management Accounting can be used as an instrument of higher control.?
29. Define Cost Accounting?
30. "Management Accounting begins where Financial Accounting ends."

III Long Answer Type Questions

1. Define Management Accounting. Discuss the scope and functions of Management Accounting.
2. Distinguish between Management Accounting and Cost Accounting.
3. Distinguish between Financial Accounting and Management Accounting.
4. "Management Accounting provides immense help in management decision making." Discuss.
5. Define Management Accounting and state its advantages.
6. (a) What is Management Accounting?
(b) Explain the limitations of financial accounting
(c) What are the tools of Management Accounting? Explain each of them and mention their uses.
7. (a) "The controller is both a line and a staff executive." Do you agree? Why ?
(b) The modern concept of controllership maintains that the controller does control in a special sense. Explain.
(c) "The methods of financial Accounting and Management Accounting differ. "Explain.
8. Explain the concept of Corporate Controllership. Briefly discuss controllership Discuss.
9. (a) "Management Accounting is an extension of Financial Accounting. "Discuss.
(b) Management Accounting assists in corporate planning process. Explain and illustrate.
10. Management Accounting is the presentation of accounting information in such a way as to assist the management in the creation of policy and in the suitable illustrations.
11. Explain are the duties and responsibilities of a Management Accountant?
12. What are the duties and responsibilities of a management Accountant?
13. "There are no externally imposed generally accepted accounting principles for management accounting." In the light of the above statement, discuss giving illustrations the nature and scope of management accounting.
14. Explain the nature and scope of management accounting. In that way do the roles and responsibilities of management accountants differ from those of financial accountants?
15. What do you mean by the term Management Accounting? Explain how it is useful in different management functions?
16. Explain the role of management Accountant in setting long-range and short-range objectives of a business organization and also in ensuring that such objectives are achieved?
17. Discuss the use of Management Accounting as a tool in decision-making and exercising control.
18. Explain the meaning of the term 'Management Accounting' and state how it can be used as an instrument of higher control.
19. Any form of accounting which enables business to be conducted more efficiently can be regarded as 'Management Accounting'. Elucidate.

20. "Management accountancy is the general term employed to describe the financial policy, philosophy and strategy and the appropriate application of suitable financial planning and control accounting system." Elucidate.
21. Define Management Accounting. What are its objectives and limitations?
22. Define Management Accounting. What are its limitations?
23. (a) What do you mean by Management Accounting. State its objectives.
(b) How does Management Accounting differ from Financial Accounting?
24. (a) Explain the functions of Accounting.
(b) Distinguish between Financial Accounting and Management Accounting. Point out the limitations of management Accounting and Financial Accounting.
25. "Management Accounting begins where Financial Accounting ends." With reference to above statement, explain the functions of Management Accounting and Financial Accounting.
26. Describe how Management Accounting satisfies the various needs of management for arriving at appropriate business decisions.
27. (a) Discuss the role of Management Accountant with regard to evolving the financial policy of an industrial enterprise.
(b) What are the tools and techniques used in Management Accounting ?
28. "The term Financial Accounting and Management Accounting are not precise description of the activities they comprise. Despite their close interrelationship, there are some fundamental differences." Discuss.
29. Discuss the role and importance of Management Accounting in the efficient working of an industrial concern.
30. (a) Discuss the role of controller in changing business and industrial organization of India.
(b) How far the cost & management accounting profession has responded to new change in the time.

UNIT-II

I MULTIPLE CHOICE QUESTIONS:

1. Cash Flow Statement is also known as
 - A. Statement of Changes in Financial Position on Cash basis
 - B. Statement accounting for variation in cash
 - C. Both a and b
 - D. None of the above

ANS. C

2. The objectives of Cash Flow Statement are
 - (i) Analysis of cash position
 - (ii) Short-term cash planning
 - (iii) Evaluation of liquidity
 - (iv) Comparison of operating Performance
 - A. Both A and B
 - B. Both A and C
 - C. Both B and D
 - D. A, B, C, D

ANS. D

3. Cash Flow Statement is based upon
- A. Cash basis of accounting
 - B. Accrual basis of accounting
 - C. Credit basis of accounting
 - D. None of the above

ANS. A

4. As per Accounting Standard-3, Cash Flow is classified into
- A. Operating activities and investing activities
 - B. Investing activities and financing activities
 - C. Operating activities and financing activities
 - D. Operating activities, financing activities and investing activities

ANS. D

5. Which of the following is not a cash outflow?
- A. Increase in Prepaid expenses
 - B. Increase in debtors
 - C. Increase in stock
 - D. Increase in creditors

ANS. D

6. Which of the following is not a cash inflow?
- A. Decrease in debtors
 - B. Issue of shares
 - C. Decrease in creditors
 - D. Sale of fixed assets

ANS. C

7. When a fixed asset is bought as hire purchase, interest element is classified under _____ and loan element is classified under_____.
- A. Operating activities, financing activities
 - B. Financing activities, investing activities
 - C. Investing activities, operating activities
 - D. None of the above

ANS. B

8. In the case of financial enterprises, the cash flow resulting from interest and dividend received and interest paid should be classified as cash flow from
- A. Operating activities
 - B. Financing activities
 - C. Investing activities
 - D. None of the above

ANS. A

9. As per AS-3, Cash Flow Statement is mandatory for
- (a) All enterprises
 - (b) Companies listed on a stock exchange
 - (c) Companies with a turnover of more than Rs 50 crores
- A. Both A and B
 - B. Both A and C
 - C. Both C and B
 - D. None of the above
- ANS. C
10. Cash outflow on purchases is calculated by
- A. $\text{Purchases} + \text{Opening Creditors} + \text{Opening B/P} - \text{Closing Creditors} - \text{Closing B/P}$
 - B. $\text{Purchases} + \text{Opening Creditors} - \text{Closing Creditors} + \text{Closing B/P}$
 - C. $\text{Purchases} - \text{Opening Creditors} - \text{Opening B/P} + \text{Closing Creditors} + \text{Closing B/P}$
 - D. None of the above
- ANS. A
11. While preparing Cash Flow Statement, non-cash items and non-operating items are not required to be adjusted under_____
- A. Indirect method
 - B. Direct method
 - C. Both a and b
 - D. None of the above
- ANS. B
12. Cash Flow Statement is prepared from
- A. Profit and loss account
 - B. Balance Sheet
 - C. Additional Information
 - D. All of the above
- ANS. D
13. When the concept of ratio is defined in respect to the items shown in the financial statements, it is termed as
- A. Accounting ratio
 - B. Financial ratio
 - C. Costing ratio
 - D. None of the above
- ANS. A
14. Liquidity ratios are expressed in
- A. Pure ratio form
 - B. Percentage
 - C. Rate or time
 - D. None of the above
- ANS. A

15. Profit for the objective of calculating a ratio may be taken as
- A. Profit before tax but after interest
 - B. Profit before interest and tax
 - C. Profit after interest and tax
 - D. All of the above

ANS. D

16. Which of the following falls under Profitability ratios?
- (a) General Profitability ratios
 - (b) Overall Profitability ratios
 - (c) Comprehensive Profitability ratios

- A. A and B
- B. A and C
- C. B and C
- D. None of the above

ANS. A

17. Gross Profit ratio is also termed as
- A. Gross Profit Margin
 - B. Gross Margin to net sales
 - C. Both a and b
 - D. All of the above

ANS. C

18. Gross profit ratio is calculated by
- A. $(\text{Gross Profit}/\text{Gross sales}) \times 100$
 - B. $(\text{Gross Profit}/\text{Net sales}) \times 100$
 - C. $(\text{Net Profit}/\text{Gross sales}) \times 100$
 - D. None of the above

ANS. B

19. Operating ratio is calculated by
- A. $(\text{Operating Cost}/\text{Gross sales}) \times 100$
 - B. $(\text{Operating Cost}/\text{Gross sales}) \times 100$
 - C. $(\text{Operating cost}/\text{Net sales}) \times 100$
 - D. None of the above

ANS. C

20. Which of the following is expenses ratio?
- (a) Administrative expenses ratio
 - (b) Selling and Distribution expenses ratio
 - (c) Factory expenses ratio
 - (d) Finance Expenses ratio
- A. A, B and D

- B. A, C and D
- C. A, B and C
- D. A, B, C, D

ANS. D

21. Return on equity capital is calculated on basis of:
- A. Funds of equity shareholders
 - B. Equity capital only
 - C. Either a or b
 - D. None of the above

ANS. C

22. Turnover ratios are also known as
- A. Activity ratios
 - B. Performance ratios
 - C. Both a and b
 - D. None of the above

ANS. C

23. Debtors Turnover ratio is also known as
- (a) Receivables turnover ratio
 - (b) Debtors velocity
 - (c) Stock velocity
 - (d) Payable turnover ratio

- A. A and B
- B. A and C
- C. B and C
- D. C and D

ANS. A

24. Liquid assets is determined by
- A. Current assets-stock-Prepaid expenses
 - B. Current assets +stock+ prepaid expenses
 - C. Current assets +Prepaid expenses
 - D. None of the above

ANS. A

25. Comparison of financial statements highlights the trend of the _____ of the business.
- A. Financial position
 - B. Performance
 - C. Profitability
 - D. All of the above

ANS. D

26. Analysis of any financial Statement comprises
- A. Balance sheet
 - B. P&L Account
 - C. Trading account
 - D. All of the above
- ANS. D
27. Which of the following are techniques, tools or methods of analysis and interpretation of financial statements?
- A. Ratio Analysis
 - B. Average Analysis
 - C. Trend Analysis
 - D. All of the above
- ANS. D
28. Interpretation of accounts is the
- A. Art and science of translating the figures
 - B. To know financial strengths and weaknesses of a business
 - C. To know the causes for the prevailing performance of business
 - D. All of the above
- ANS. D
29. The form of balance sheet is
- A. Vertical
 - B. Horizontal
 - C. Horizontal and vertical
 - D. Horizontal or vertical
- ANS. D
30. The term current asset doesn't cover
- A. Car
 - B. Debtors
 - C. Stock
 - D. Prepaid expenses
- ANS. A

II SHORT ANSWER TYPE QUESTIONS:

1. What are the factors affecting the efficacy of ratios?
2. What are the Ratios which assess the company's Debt Capacity?
3. Briefly explain Profitability Ratios?
4. Explain the significance of various measures of return on investment.
5. Discuss the significance of Return on Investment as a measure of profitability analysis.
6. How would you analyze the financial position of a company from the point of view of (a) an investor, and (b) a creditor?

7. What is trading on equity? What are its advantages?
8. What is dividend pay-out ratio?
9. Explain the role of Ratio Analysis is the interpretation of financial statements. Examine the limitations of ratio analysis, if any.
10. What do you understand by Working Capital Leverage?
11. What are the factors affecting the efficacy of ratio?
(Hint: Factors are (i) Type of Business(ii) Quality of assets,(iii) Adequacy of data,(iv) Seasonal character, (v) Adjustment as to current conditions,(vi) Interpretation of ratios, and (vii) Consideration of non-monetary factors.)
12. Give the meaning and explain the utility of operating ratio and quick ratio.
13. Explain the role of ratio analysis in the interpretation of financial statements
14. Briefly explain the following ratios.
(i) Gross Profit Ratio; (ii) Operating Ratio.
15. Briefly explain the Working Capital Leverage.
16. Briefly explain Du Pont Analysis with the help of Du Pont Chart.
17. What is a 'Funds Flow Statement'? Examine its managerial uses.
18. Describe the significance of a Funds Flow Statement.
19. "A Funds Flow Statement is a better substitute for an Income Statement." Discuss.
20. Differentiate between Comparative financial statements & Common-size financial statements.
21. Discuss the significance of Return on investment?
22. Explain Investing Activities which result in Cash inflow & outflow?
23. Explain Operating Activities which result in Cash inflow & outflow?
24. Explain the salient features of the various methods of Financial Analysis?
25. Discuss the significance of Earning per share?
26. What are the causes of an unbalanced capital structure?
27. Why is Cash Flows Prepared?
28. Elaborate the meaning of Cash & Cash Equivalents?
29. Why does the flow of cash take place?
30. List three activities which result into cash outflow?

III LONG ANSWER TYPE QUESTIONS

1. What is Percentage Analysis? In what manner does it help in understanding a Balance Sheet?
2. Discuss briefly the different techniques of analysis and interpretation of financial statements.
3. What are the different methods used for analysis of financial statements?
4. What are the various types of financial statements?
5. Explain the following with examples:
(a) Comparative financial statements.
(b) Common-size financial statements.
6. What are the common forms of financial statements usually submitted in India by the industrial users and what are the limitations?
7. Explain the salient features of the various methods of Financial Analysis.
8. What are the causes of an unbalanced capital structure?

9. What are the techniques of financial statement analysis? What precautions should be taken in the interpretation of financial statements of two companies for similar period?
10. How far the financial statements are useful for the shareholders and creditors of the company?
11. What tools are used to analyse the financial statements? Discuss the utility and effectiveness of these tools.
12. Briefly describe the external and internal factors influencing corporate financial decisions.
13. Discuss the application of ratio analysis in the interpretation of financial statement in financial analysis. What are its limitations?
14. It has been argued that the important relationship in the measurement of efficiency is not that of margin of profit to sales turnover, but rather that of the profit margin to the volume of resources utilized. Comment on this statement and suggest possible measurement for the second relationship mentioned bearing in mind the different ways of expressing profit margin and resources.
15. Discuss the significance of the following measures of profitability analysis:
 - (i) Return on investment.
 - (ii) Earnings per share.
16. "Return on Investment is a single comprehensive measure that contains everything happens within the organization." Explain the statement and illustrate its computations with imaginary figures.
17. "Accounting Ratios are mere guides and complete reliance on them in decision-making is suicidal." Elucidate.
18. How would you analyse the financial position of a company from the point of view of : (a) an investor; (b) a creditor; and (c) a financial executive of the company?
19. "Ratios like statistics have a set of principles and finality about them which at times may be misleading." Discuss with illustrations.
20. (a) "Funds Flow analysis represents a stock to flow linkage," Justify.
 (b) "The true funds flow from depreciation is the opportunity saving of cash outflow through taxation." Illustrate with a numerical example.

PRACTICAL PROBLEMS

21. Convert the following Income Statement into Comparative Income Statement:

Particulars	1997 Rs.	1998 Rs.
Sales	1,50,000	1,80,000
Cost of Sales	<u>91,000</u>	<u>1,01,250</u>
Gross Profit	<u>59,000</u>	<u>78,750</u>
Operating Expenses:		
Sales Expenses	30,000	33,000
Administration Expenses	<u>15,000</u>	<u>17,000</u>
	<u>45,000</u>	<u>50,000</u>
Income from Operations	14,000	28,850
Other Expenses	<u>2,000</u>	<u>3,000</u>
	<u>12,000</u>	<u>25,850</u>

22. Compute the Trend Percentage from the following data taking 1992 as the base year.

Year	Sales Rs.	Stock Rs.
1992	20,000	2,000
1993	26,000	2,500
1994	32,000	3,000
1995	31,000	2,800
1996	32,000	2,700
1997	30,000	2,900
1998	24,000	2,600

23. Following is the Profit and loss Account and Balance sheet of ABC Ltd. You are required to redraft them for the purpose of financial analysis:

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDING 31ST MARCH, 1998**

Particulars	Rs.	Particulars	Rs.	Rs.
Opening Stock	5,00,000	Sales:		
Purchases	11,00,000	Cash	3,00,000	
Wages	3,00,000	Credit	17,00,000	20,00,000
Factory overheads	2,00,000	Closing Stock		<u>6,00,000</u>
Gross profit	<u>5,00,000</u>			<u>26,00,000</u>
	<u>26,00,000</u>			
Administration expenses	75,000	Gross Profit		5,00,000
Selling and distribution		Dividend on investment		10,000
Expenses	50,000	Profit on sale of furniture		20,000
Interest on Bank Overdraft	20,000			
Depreciation: Office Equipment's	60,000			
Loss on sale of motor car	5,000			
Net profit	<u>3,20,000</u>			
	<u>5,30,000</u>			<u>5,30,000</u>
Preference dividend		Balance b/d		2,71,000
(Net) interim	15,000	Net profit		3,20,000
Provision for taxation	1,76,000			
Balance c/d	<u>4,00,000</u>			
	<u>5,91,000</u>			<u>5,91,000</u>

**BALANCE SHEET
AS AT 31ST MARCH, 1998**

Liabilities	Rs.	Assets	Rs.
Equity share capital	10,00,000	Goodwill (at cost)	5,00,000
6% Preference share capital	5,00,000	Plant and machinery	6,00,000
General reserve	1,00,000	Land & building	7,00,000
Profit and loss account	4,00,000	Furniture and fixture	1,00,000
Provision for taxation	1,76,000	Stock in trade	6,00,000
Bills payable	1,24,000	Bills receivable	30,000
Bank overdraft	1,20,000	Debtors	1,50,000
Creditors	4,80,000	Bank	2,20,000
	<u>29,00,000</u>		<u>29,00,000</u>

[Ans: Cost of Sales Rs. 15,00,000, Other operating expenses Rs. 2,05,000, Net operating profit Rs.2,95,000, Current assets Rs. 10,00,000, Current liabilities and provisions Rs. 9,00,000, Fixed assets Rs. 19,00,000, Shareholders' net worth Rs. 20,00,000.]

24. Calculate the following ratios from the balance sheet given below:
 (i) Debt-Equity Ratio, (ii) Liquidity Ratio, (iii) Fixed Assets to Current Assets, and
 (iv) Fixed Assets/Turnover.

BALANCE SHEET

Liabilities	Rs.	Assets	Rs.
Equity Shares of Rs.10 each	1,00,000	Good Will	60,000
Reserves	20,000	Stock	1,40,000
Profit & Loss A/C	30,000	Sundry Debtors	30,000
Secured Loan	80,000	Advances	30,000
Sundry Creditors	50,000	Cash Balance	10,000
Provision for Taxation	20,000		30,000
	<u>3,00,000</u>		<u>3,00,000</u>

The sales for the year were Rs. 5,60,000.

[Ans: (i) Long-term debt/Shareholders' funds = 53; (ii) Liquid assets/Current Liabilities = 1;(iii) Fixed assets/Current assets =1.4; (iv) Sales/Fixed assets=4.]

25. The Balance Sheet of X & Co., as on 31.12.2008 shows as follows:

Liabilities	Rs.	Assets	Rs.
Equity capital	1,00,000	Fixed Assets	1,80,000
9 % Preference Shares	50,000	Stores	25,000
8% Debentures	50,000	Debtors	55,000
Retained Earnings	20,000	B/R	3,000
Creditors	45,000	Bank	2,000
	<u>2,65,000</u>		<u>2,65,000</u>

Comment on the Financial Position of the Company.

[Ans: Debt equity ratio $1,70,000/2,20,000 = .77$
Fixed assets ration $1,80,000/2,20,000 = .82$
Current ratio $85,000/45,000 = 1.9$
Liquidity ratio $60,000/45,000 = 1.33$
The financial position of the company may be considered as satisfactory].

26. From the following statements of X ltd. For the year ending 31stMarch, 2008, you are required to rearrange the items for purposes of financial analysis and calculate the following ratios:
(i) Current ratio, (ii) Quick ratio,(iii) Operating ratio, (iv) Stock Turnover Ratio, (v) Fixed Assets Turnover Ratio,(vi) Debtors' Turnover Ratio, (vii) Net profit to Capital employed.

BALANCE SHEET
As on 31st march,1997

Liabilities	Rs.	Assets	Rs.
Share Capital: Issued and Fully		Land and Building	5,00,000
Paid-up 50,000 Equity shares		Plant and Machinery	2,00,000
of Rs. 10 each	5,000	Stock	1,50,000
General Reserve	4,00,000	Sundry Debtors	2,50,000
Profit & Loss Account	1,50,000	Cash and Bank Balance	1,50,000
Sundry Creditors	<u>2,00,000</u>		
	<u>12,50,000</u>		<u>12,50,000</u>

PROFIT AND LOSS ACCOUNT
For the year ending 31st March 1997

Particulars	Rs.	Particulars	Rs.
To opening Stock	2,50,000	By Sales	18,00,000
To Purchases	10,50,000	By Closing Stock	1,50,000
To Gross Profit b/d	<u>6,50,000</u>		
	<u>19,50,000</u>		<u>19,50,000</u>
To selling and distribution			6,50,000
Expenses	1,00,000	By Gross Profit b/	
To administration Expenses	2,30,000	By Profit on Sale	
To Finance Expenses	20,000	of fixed assets	
To Net Profit	<u>3,50,000</u>		<u>50,000</u>
	<u>7,00,000</u>		<u>7,00,000</u>

[Ans: (i) 2.75, (ii) 2, (iii) .82 (iv) 5.75,(v) $18/7 = 2.6$ or $11.5/7$, (vi) 7.2, i.e., 51 days, (vii) 30%.]

27. The following Position Statement has been prepared by a new recruit. You are required to rearrange the same in the right form:

MADURAI & CO.
CONDENSED BALANCE SHEET as at March 31, 1998
(Rs. In Lakhs)

Current Assets:		
Cash	13.8	
Short-term Investments	17.4	
Accounts Receivable(Gross)	159.3	
Prepaid Expenses	118.4	
Total Current Assets	<u>15.6</u>	
Add:		324.5
Fixed Assets(Gross)	1,109.5	
Investments in affiliated Companies	28.0	
Other Long-term Investments	<u>6.7</u>	
		<u>1,144.2</u>
Total of Tangible Assets		1468.7
Less : Long-term Liabilities		
Mortgage Debt	266.6	
Debenture Debt	67.0	
Reserve for Provident fund	<u>16.6</u>	
		350.2
Net Working Capital		1,118.5
Less: Current Liabilities:		
Long term Debt(Current)	5.3	
Notes Payable	7.7	
Dividend Payable	7.0	
Accounts Payable	82.5	
Accrued Taxes	8.5	
		<u>111.0</u>
		1,007.5
Add: Preliminary expenses		<u>9.4</u>
Excess of 'Assets over liabilities		<u>1,016.9</u>
Represented by:		
Retained Income	433.4	
Reserve for Bad Debs	2.2	
Depreciation	445.0	
Equity Share Capital	116.3	
Preference Share Capital	20.0	
		<u>1,016.9</u>

From the re-arranged position Statement calculate the following:

- (i) Debt to equity Ratio, (ii) Equity to Net Fixed Assets Ratio; (iii) Acid Test Ratio;
(iv) Tangible Net Worth.

[Ans : Liquid assets Rs. 147.4, Current liabilities and provisions Rs. 127.6, fixed assets Rs.692.5, Worth Rs. 560.40, Equity shareholders' funds Rs.540.3, Ratios (i) 333.6/560.3,(ii) 540.3/692.5, (iii) 147.4/127.6 (iv) 560.30.]

28. The following are the summarized Profit and Loss account of Triplex industries Limited for the year ended 31st December,2008, and a balance sheet of the company as on that date:

Dr.		PROFIT & LOSS ACCOUNT		Cr.	
Liabilities	Rs.	Assets	Rs.		
To opening stock	9,950	By Sales	85,000		
To Purchases	54,525	By Closing Stock	14,900		
To carriage inwards	1,425				
To Gross profit c/d	34,000				
	<u>99,900</u>				<u>99,900</u>
To Office Expenses	15,000	By Gross Profit	34,000		
To Selling Expenses	3,000	By Gross on Sale of Shares	660		
To Financial Expenses	1,500	By Interest on Investments	300		
To Loss on Sale of an Asset	4,00				
To Net Profit	15,000				
	<u>34,900</u>				<u>34,900</u>

BALANCE SHEET

Liabilities	Rs.	Assets	Rs.
Share Capital 2,000		Land and Building	15,000
Equity shares of		Plant	8,000
Rs. 10 each	20,000	Stock	14,000
Reserves	9,000	Debtors	7,000
Profit and Loss Account	6,000	Bills Receivable	1,000
Bank Overdraft	3,000	Cash and Bank Balance	3,000
Sundry Creditors	8,000		
Outstanding Expenses	<u>2,000</u>		
	<u>48,000</u>		<u>48,000</u>

Calculate the following ratios:

- (i) Gross Profit Ratio.
- (ii) Debt Equity Ratio.
- (iii) Liquidity Ratios.
- (iv) Fixed Assets Turnover.

[Ans : (i) 40%,(ii) 37%,(iii) .85%,(iv) 3.7.]

29. The following are the extracts from the financial statement of Blue and Red ltd., As on 31st march, 1997 and 1998 respectively:

	31 st march 1997	31 st march 1998
	Rs.	Rs.
Stock	10,000	25,000
Debt	20,000	20,000
Bills recievable	10,000	5,000
Advances (recoverable in cash or kind)	2,000	-----
Cash in hand	18,000	15,000
Bills Payable	15,000	20,000
Bank overdraft	-----	2,000
9% Debentures,2,000	5,00,000	5,00,000
Sales for the year	3,50,000	3,00,000
Gross Profit	70,000	50,000

You are required to compute for the both these years:

- (i) Current Ratio, (ii) Liquidity ratio, (iii) Stock turnover ratio, (iv) Number of days outstanding of debtors, and (v) Stock working Capital ratio.

[Ans:	1997	1998
(i) Current ratio	1.5	1.25
(ii) Liquidity ratio	1.25	0.8
(iii) Stock turnover ratio (cost of sales/ Closing stock	28	10
(iv) Number of days outstanding of debtors days	31 days	30
(v) Stock working capital ratio	.5	1.92]

30. The following is the Trading and Profit and loss Account of Maheshwari Bros. Private Ltd., for the year ended june 30,1998

Particulars	Rs.	Particulars	Rs.
To stock in hand	76250	By sales	500000
To purchases	315250	Bu stock in hand	95500
To carriage and freight	2000		
To wages	5000		
To Gross Profit	<u>200000</u>		
	<u>598500</u>		598500
To administration expenses	101000	By Gross Profit	200000
To finance expenses		By non-operating incomes:	
Interest 1200		Interest on securities 1500	

Discount	2400		Dividend on shares	
			3750	
Bad debts		7000	Profit on sale on shares	6000
3400			<u>750</u>	
To selling and distribution expenses		12000		
To non-operating expenses:				
Loss on sale of securities				
350				
Provision for legal suit		2000		
<u>1650</u>				
To Net Profit		<u>84000</u>		
		<u>206000</u>		<u>206000</u>

You are required to calculate: (a) expenses ratios,(b) Gross Profit ratio, (c) Net Profit ratio, (d) Operating profit ratio, (e) Operating ratio, and (f) stock turnover

[Ans: (a) Expenses Ratios:

- | | |
|--------------------------------------------------|-------|
| (i) Administration expenses to sales | 20.2% |
| (ii) Finance expenses to sales | 1.40% |
| (iii) Selling and distribution expenses to sales | 2.40% |
| (iv) Non-operating expenses to sales | 0.4% |
| (c) Gross Profit Ratio | 40% |
| (d) Net Profit Ratio | 16.8% |
| (e) Operating ratio (Including Finance expenses) | 84% |
| (f) Stock Turnover Ratio | 3.43% |

Computation of items of financial Statements

31. From the following information, prepare a Balance Sheet with as many details as possible:

Gross Profit	Rs. 80,000	Current assets	Rs. 1,50,000
Gross Profit to cost of goods sold			
Ratio	1/3	Accounts payable velocity	90 days
Stock velocity	Six times	Bills receivable	Rs. 20,000
Opening stock	Rs. 36,000	Bills payable	Rs. 5,000
Account receivable velocity		Fixed assets turnover	
(Year 360 days)	72 days	Ratio	Eight times

[Ans : Debtors Rs. 44,000; Closing stock Rs. 44,000; Other current assets Rs. 42,000; creditors Rs. 57,000; Capital (bal.fig)Rs. 1,18,000; Total of balance sheet Rs. 1,80,000]

32. You are given the following fig. worked out from the profit and loss account and balance sheet of Blue Ltd. Relating to the year 1998, Prepare the Balance sheet.

Fixed assets (net after writing off 30%)		Rs. 10,50,000	
Fixed assets turnover ratio (on cost of sales)			2
Finished goods turnover ratio (on cost of sales)	6		
Rate of Gross Profit to Sales			25%
Net profit (before interest) to sales			8%
Fixed charges cover (Debenture Interest 7%)			8%
Debt collection period			1 & ½ months
Material consumed to sales			30%
Stock of raw material (in terms of number of months' consumption)			3
Current Ratio			2.4
Quick Ratio			1.0
Reserves to capital			0.23

[Ans

Stock of raw materials	Rs. 2,10,000	Capital	
10,00,000			
Stock of finished goods	3,50,000	Reserves	
2,10,000			
Books debts	3,50,000	Debentures	
4,00,000			
Cash	50,000	Current	liabilities
4,00,000			
Total of Balance sheet	20,10,000		
20,10,000			

33. From the following particulars, prepare the balance sheet of X Ltd., which has only one class of share capital:

(i)	Sales for the year	:	Rs. 20,00,000,
(ii)	Gross for the year	:	25%
(iii)	Current assets ratio	:	1.50
(iv)	Quick assets (cash and debtors)ratio	:	1.25
(v)	Stock turnover ratio	:	15
(vi)	Debts collection period	:	1 & ½ months
(vii)	Turnover to fixed assets	:	1.5
(viii)	Ratio of reserves to share capital	:	0.33(i.e.,1/3)
(ix)	Fixed assets to net worth	:	0.83 (i.e.,5/6)

(The term "turnover" refers to cost of sales and the term "stock" to closing stock.)

[Ans: Fixed Assets Rs. 10 lakhs, Debtors Rs. 2.50 lakhs, Cash Rs. 2.50 lakhs, Stock Rs. 1 lakh, equity capital Rs. 9 lakhs, Reserves and surplus Rs. 3 lakhs, Creditors Rs. 4 lakhs.]

34. Compute cash from operations from the following figures:
- profit for the year 1998 is a sum of Rs. 10,000 after providing for depreciation of Rs. 2,000.
 - The current assets of the business for the year ending 31st December, 1997 and 1998 are as follows:

	31 st Dec 1997	31 st Dec 1998
	Rs.	Rs.
Sundry debtors	10,000	12,000
Provision for Doubtful Debts	1,000	1,200
Bills Receivable	4,000	3,000
Bills Payable	5,000	6,000
Sundry Creditors	8,000	9,000
Inventories	5,000	8,000
Short-term Investments	10,000	12,000
Outstanding Expenses	1,000	1,500
Prepaid Expenses	2,000	1,000
Accrued Income	3,000	4,000
Income Received in Advance	2,000	1,000

[Ans: Cash from Operations Rs. 7,700]

35. From the following profit and loss account, you are required to compute cash from operations:

PROFIT & LOSS ACCOUNT
For the year ending 31st December 1998

	Rs.		Rs.
To Salaries	5,000	By Gross Profit	25,000
To Rent	1,000	By Profit on sale of Land	5,000
To depreciation	2,000	By Income Tax Refund	3,000
To loss on sale of plant	1,000		
To goodwill written off	4,000		
To proposed Dividends	5,000		
To provision for Taxation	5,000		
To net profit	<u>10,000</u>		
	33,000		<u>33,000</u>

[Ans: Cash from Operations Rs. 19,000]

Simple Cash flow statement

36. The following are the summarized Balance sheets of M/s Rahul Brothers Private Ltd. As on March 31, 2007 and 2008:

liabilities	2007 Rs.	2008 Rs.	Assets	2007 Rs.	2008 Rs.
12% Redeemable Preferences shares	-----	1,000	Fixed assets Less depreciation	4,100 1,100	4,000 1,500
Equity shares	4,000	4,000		3000	2,500
	4,000	5,000	Debtors	2,000	2,400
General Reserve	200	200	Stock	3,000	3,500
Profit and Loss A/C	100	120	Prepaid Expenses	30	50
Debentures	600	700	Cash	120	350
Creditors	1200	1100			
Provision for					
Taxation	300	420			
Proposed Dividend	500	580			
Bank overdraft	1250	680		8150	8800

You are required to prepare a Statement of cash flow.

[Ans: Cash Flow from: Operating Activities (After Tax) Rs.100, financing Activities, Rs.600, Investing Activities Rs.100]

37. From the following balance sheet as on 31st December,2007 and 31st December 2008, you are required to prepare a cash flow Statement:

liabilities	2007 Rs.	2008 Rs.	Assets	2007 Rs.	2008 Rs.
Share Capital	1,00,000	1,50,000	Fixed assets	1,00,000	1,50,000
Profit & Loss Account	50,000	80,000	Goodwill	50,000	40,000
General Reserve	30,000	40,000	Inventories	50,000	80,000
12% Bonds	50,000	60,000	Debtors	50,000	80,000
Sundry Creditors	30,000	40,000	Bills receivable	10,000	20,000
Outstanding Expenses	10,000	15,000	Banks	10,000	15,000
	2,70,000	3,85,000		2,70,000	3,85,000

[Ans: Cash flow on Account of (i) operating activities (Rs. 5,000), financing Activities Rs. 60,000, Investment Activities (Rs.50,000)]

Comprehensive Cash Flow Statements

38. Wearwell ltd. Supplies you the following Balance sheet on 31st December:

liabilities	2007 Rs.	2008 Rs.	Assets	2007 Rs.	2008 Rs.
Share capital	70,000	74,000	Bank balance	9000	7800
Bonds	12,000	6,000	Receivable	14900	17700
Accounts payable	10,360	11,840	Inventories	49200	42700
Provision for			Land	20000	30000
Doubtful debts	700	800	Goodwill	10000	5000
Reserve & Surplus	<u>10,040</u>	10,560			
	<u>1,03,100</u>	<u>1,03,200</u>		<u>103100</u>	<u>103200</u>

Following additional information has been supplies to you:

- (i) Dividends amounting to Rs. 3,500 were paid during the year 2007.
 - (ii) Land was purchased for Rs. 10,000.
 - (iii) Rs. 5,000 were written off on Goodwill during the year.
 - (iv) Bonds of Rs. 6,000 were paid during the course of the year.
- You are required to prepare a cash flow Statement.

[Ans: Cash Flow from : Operating Activities Rs. 14,300, investment Activities (Rs. 10,000), Financing Activities (Rs.5,500).

39. Tiny Tot limited furnish you the following Balance sheet for the years ending on 31stDecember, 2007 and 2008. You are required to prepare a Cash Flow statement for the year ended 31st December, 2008.

liabilities	2007 Rs.	2008 Rs.	Assets	2007 Rs.	2008 Rs.
Equity Share Capital	10,000	10,000	Goodwill	1200	1200
General Reserve	1,400	1,800	Land	4000	3600
Profit and Loss A/c	1,600	1,300	Building	3700	3600
Sundry Creditors	800	540	Investments	1000	1100
Outstanding Expenses	120	80	Inventories	3000	2340
Provision for Taxation	1,600	1,800	Receivables	2000	2220
Provision for Bad debts	40	60	Bank Balance	660	1520
	<u>15,560</u>				

Following additional information has also been supplied to you :

- (i) A piece of land has also been sold for Rs. 400.
- (ii) Depreciation amounting to Rs. 700 has been charged on Building.
- (iii) Provision for taxation has been made for Rs. 1900 during the year

[Ans: cash flow from: Net operating activities (after tax) Rs. 1,160, Investing Activities (Rs. 300), financing activities (RS. Nil).

40. From the following information you are required to prepare a Cash flow Statement of C.P. Stores Ltd. For the year ended 31st December 2008.

BALANCE SHEET

liabilities	2007 Rs.	2008 Rs.	Assets	2007 Rs.	2008 Rs.
Share Capital	70,000	70,000	Plant & Machinery	50,000	91,000
Secured Loans			Inventory	15,000	50,000
(Repayable in 2010)	-----	40,000	Debtors	5,000	20,000
			Cash	20,000	7,000
Creditors	1,000	3,000	Prepaid General		
Tax Payable	1,000	3,000	Expenses	2,000	4,000
Tax Payable P&L A/c	7,000	10,000			
	<u>92,000</u>	1,62,000		92,000	1,62,000

PROFIT & LOSS ACCOUNT

For the year ended 31st December, 2008

Particulars	Rs.	Particulars	Rs.
To opening Inventory	15,000	By Closing Inventory	40,000
To Purchases	98,000	By Sales	1,00,000
To Gross Profit c/d	<u>27,000</u>		
	<u>1,40,000</u>		<u>1,40,000</u>
To general Expenses	11,000	By Gross Profit b/d	27,000
To Depreciation	8,000		
To Taxes	4,000		
To Net Profit c/d	<u>4,000</u>		
	<u>27,000</u>		
To Dividend	1,000	By Balance b/d	7,000
To Balance c/d	<u>10,000</u>	By Net Profit b/d	4,000
	<u>11,000</u>		<u>11,000</u>

[Ans: Cash flow from: Operating activities (Rs. 3,000), Investment Activities (Rs. 49,000), Financing Activities Rs. 39,000]

41. The Balance Sheet of T Ltd. As at 31stDecember, 2005 and 31stDecember, 2006 are as following

Liabilities	2005 Rs.	2006 Rs.	Assets	2005 Rs.	2006 Rs.
Share Capital	300.00		Freehold Property		
Reserves	225.00	240.00	(at cost)		
12% Debentures	75.00	75.00	Plant and Machinery	225.00	240.00
(Unsecured)			(at cost less depreciation)	135.00	165.00
Mortgage on Freehold property	27.00	14.25	Investment in share		
Creditors	45.00	45.00	Of companies under		
Proposed Div.			The same Management	150.00	150.00
(Subject to dividend of tax)	22.50	23.25	(Unquoted)	112.50	112.50
Provision for Taxation	21.00	37.50	(Market Value		
Secured Overdraft (by a floating charge on assets)	15.00	82.50	2006:120 lakhs, 2008: 150 lakhs)		
			Stock	52.50	<u>75.00</u>
			Debtors	45.00	<u>75.00</u>
			Bank	10.50	-----
				730.50	<u>817.50</u>

The following additional information for the year 2006 is relevant:

- | | |
|-----------------------------------------------------|-------------|
| (i) Credit sales | 675 lakhs |
| (ii) Credit Purchases | 520 lakhs |
| (iii) Overheads | 83.75 lakhs |
| (iv) Depreciation on plant and machinery | 17.50 lakhs |
| (v) Dividend for 2005 was paid in full | |
| (vi) Amount paid towards taxation for the year 2005 | |

In view of credit squeeze, the company has been asked by the bank to reduce the overdraft substantially within six months, if possible by 50 per cent.

You are required to prepare a Cash flow Statement and briefly comment on the financial position of the company and suggest remedial measure to overcome the financial crisis.

[Ans. Cash flow from: operating Activities Net (After Tax) Rs. 19.75 lakhs, Investment Activities (Rs. 62.50 lakhs), Financing Activities (Rs. 35.25 lakhs)

42. A Company finds on 1st January,2008 that is short of funds with which to implement its program of expansion. On 1st January,2007, it had a credit balance of Rs. 1,80,000. From the following information, Prepare a statement for board of directors, to show how the overdraft of Rs. 68,750 as at 31st December, 2007 has arisen:

Figure as per balance sheets as at 31 st December of each year are as follows :		
	2007	2008
	Rs.	Rs.
Fixed assets	7,50,000	1,120,000
Stocks and stores	1,90,000	3,30,000
Debtors	3,80,000	3,35,000
Bank Balance	(Cr.) 1,80,000	(O.D) 68,750
Trade Creditors	2,70,000	3,50,000
Shares Capital (in shares of RS. 10 each)	2,50,000	3,00,000
Bills receivable	87,500	95,000

The Profit for the year ended 31st December,2008, before charging depreciation and taxation amounted to Rs. 2,40,000. The 5,000 shares were issued on 1stJanuary, 2007, at a premium of Rs.5 per share. Rs. 1,37,500 were paid in March 2008, by way of income-tax. Dividend was paid as follows :

2007 (final) – on the capital on 31-12-2007 at 10 per cent less tax at 25 per cent.

2008 (interim)- 5 per cent free of tax.

[Ans. Cash flows from: Operating Activities (after tax) Rs. 80,000, investment Activities (Rs. 3,70,000), financing activities Rs. 41,250]

43. The directors of Maheshwari Brothers Private Ltd. are alarmed at the deterioration of the financial position of their company. They find that the overdraft is at the limit allowed by the bank and that they have no sufficient funds to pay their creditors on the due dates. They are at a loss to understand why, when their accounts show satisfactory profits, they should be short of funds.

You are given the balance sheets of the company as at 31st March,2005 and 2006.

You are required to prepare a statement which will show what has happened to the money which has come into the business during the year.

BALANCE SHEETS
31st March

	2005 Rs.	2006 Rs.
Share capital :		
Shares of Rs. 10 each fully paid	5,00,000	5,00,000
Reserve and Surplus	30,000	40,000
Bank overdraft	80,000	3,00,000

Sundry Creditors	1,00,000	3,00,000
	<u>7,10,000</u>	<u>11,40,000</u>
Land & Buildings	1,50,000	2,50,000
Plant and Machinery	2,50,000	3,00,000
Less : Depreciation	<u>60,000</u> 1,90,000	<u>90,000</u> 2,10,000
Motor Vehicles	58,000	62,000
Less: Depreciation	<u>28,000</u> <u>30,000</u>	<u>42,000</u> <u>20,000</u>
Stock	1,10,000	3,60,000
Sundry Creditors	2,30,000	<u>3,00,000</u>
	<u>7,10,000</u>	<u>11,40,000</u>

During the year a dividend of 10% was distributed to the shareholders

On 1st April, 2008 a motor van whose original cost was Rs. 10,000 and depreciated to a book value of Rs. 6,000 was sold for Rs. 8,000.

[Ans : Cash flow from : Operating Activities (Rs. 14,000), Investment activities (Rs.1,56,000), Financing Activities (Rs. 50,000)]

UNIT -IV

I MULTIPLE CHOICE QUESTIONS:

1. A budgeting process which demands each manager to justify his entire budget in detail from beginning is
 - A. Functional budget
 - B. Master budget
 - C. Zero base budgeting
 - D. None of the above

ANS. C

2. The scare factors is also known as
 - A. Key factor
 - B. Abnormal factor
 - C. Linking factor
 - D. None of the above

ANS. A

3. R&D budget and Capital expenditure budget are examples of
 - A. Short-term budget
 - B. Current budget
 - C. Long-term budget
 - D. None of the above

ANS. C

4. Match the columns
- (i) Activity Ratio ----- i) $(\text{Actual hours worked} / \text{Budgeted hours}) * 100$
- (ii) Capacity Ratio ----- ii) $(\text{Standard hours of actual production} / \text{Actual hours worked}) * 100$
- (iii) Efficiency Ratio ----- iii) $(\text{Standard hours for actual output} / \text{Budgeted hours}) * 100$
- A. A-ii, B-iii, C-i
- B. A-i, B-ii, C-iii
- C. A-iii, B-i, C-ii
- D. None of the above
- ANS. C
5. While preparing sales budget, which of the following factors are considered?
- A. Non-operational factors
- B. Environmental factors
- C. Both a and b
- D. None of the above
- ANS. B
6. _____ provides an estimate of the capital amount that may be required for buying fixed assets needed for meeting production requirements.
- A. Production budget
- B. Cash budget
- C. Capital expenditure budget
- D. None of the above
- ANS. B
7. Plant utilization budget and Manufacturing overhead budgets are types of
- A. Production budget
- B. Sales budget
- C. Cost budget
- D. None of the above
- ANS. C
8. _____ is designed after assessment of the volume of output to be produced during budget period.
- A. Cost budget
- B. Sales budget
- C. Production budget
- D. None of the above
- ANS. A
9. _____ is the first step of budgetary system and all other budgets depends on it.
- A. Cost budget
- B. Sales budget
- C. Production budget

D. None of the above
ANS. B

10. _____ also known as subsidiary budgets.

- A. Master budget
 - B. Functional budget
 - C. Cost budget
 - D. None of the above
- ANS. B

11. _____ is stated as a budget which is made to change as per the levels of activity attained.

- A. Fixed budget
 - B. Flexible budget
 - C. Both a and b
 - D. None of the above
- ANS. B

12. _____ is prepared for single level of activity and single set of business conditions.

- A. Fixed budget
 - B. Flexible budget
 - C. Both a and b
 - D. None of the above
- ANS. A

13. The process of budgeting helps in the control of

- A. Cost of production
 - B. Liquidity
 - C. Capital Expenditure
 - D. All of the above
- ANS. D

14. Which of the following statements are not true about budget, budgeting & budgetary control?

- A. Budgetary control works on the basis of best option
 - B. Budget is one of the important mediums of communication
 - C. Budgeting develops the quality of objectivity in planning
 - D. None of the above
- ANS. D

15. Which of the following statements are true about responsibility accounting?

- A. Responsibility accounting results in inter-departmental conflicts
 - B. In responsibility center more focus is paid on products, processes or jobs
 - C. No focus is paid on controlling costs
 - D. None of the above
- ANS. A

16. In profit center revenue represents a monetary measure of output emanating from a profit center in a given period irrespective whether
- A. The revenue is realized or not
 - B. The output is sold or not
 - C. Both a and b
 - D. None of the above
- ANS. C\
17. Contribution margin center is also known as
- A. Expense center
 - B. Profit center
 - C. Investment center
 - D. (All of the above
- ANS. B
18. Which of the following is responsibility center?
- A. Expense center
 - B. Profit center
 - C. Investment center
 - D. All of the above
- ANS. D
19. The responsibility centers, for control purposes, may be classified into _____ types.
- A. Five
 - B. Three
 - C. Four
 - D. None of the above
- ANS. B
20. The area of focus on responsibility center is
- A. Quantum of sales
 - B. Quantum of production
 - C. Optimum utilization of resources
 - D. All of the above
- ANS. C
21. In responsibility cost accounting the costs in focus are
- A. Controllable costs
 - B. Uncontrollable costs
 - C. Both a and b
 - D. None of the above
- ANS. A
22. The term standard cost refers to the:
- A. average unit cost of product produced in the previous period
 - B. budgeted unit cost of product produced in a particular period
 - C. average unit cost of product produced by other companies

D. average unit cost of product produced in the current period
ANS. B

23. The sub-variance of material usage variance, known as Material mix variance is measured as
- A. Total standard cost - Total actual cost
 - B. Standard cost of revised standard mix - Standard cost of actual mix
 - C. Standard unit price - Actual unit price) * Actual quantity used
 - D. Standard quantity - Actual quantity) * Unit standard price
- ANS. B

24. Volume variance arises when
- A. There is rise in overhead rate per hour
 - B. There is decline in overhead rate per hour
 - C. There is decrease or increase in actual output compared to the budgeted output
 - D. None of the above
- ANS. C

25. The corrective actions after the analysis of variances has to be taken by
- A. Cost accountant
 - B. Management
 - C. Both a and b
 - D. None of the above
- ANS. B

26. Sales margin variance due to sales quantities is measured as
- A. Standard profit - Revised standard profit
 - B. Revised standard profit - Budgeted profit
 - C. Standard profit + Revised standard profit
 - D. Revised standard profit + Budgeted profit
- ANS. B

27. Which of the following statements are true about labor idle time?
- A. Labour idle time variance is not caused by non-availability of raw material
 - B. Labour idle time variance is measured as : Abnormal idle hours * Actual hourly rate
 - C. Labour idle time variance is always unfavorable or adverse
 - D. All of the above
- ANS.C

28. The formula used for calculation of labor rate variance is
- A. Total standard labour cost of actual output - Total actual cost of actual output
 - B. (Standard rate per hour - Actual rate per hour) * Actual Hours
 - C. (Standard time - Actual time) * Standard rate per hour
 - D. Abnormal idle hours * Standard hourly rate
- ANS. B

29. Idle time variance arises when
- Only one grade of labour is used
 - Time is lost due to abnormal reasons
 - Both a and b
 - None of the above
- ANS. C
30. Material price, mix, usage and revised quantity variances are measured on _____ basis, whereas material yield variance is measured on _____ basis.
- Output, Input
 - Output, Output
 - Input, Output
 - None of the above
- ANS. C

II SHORT ANSWER TYPE QUESTIONS:

- Define 'budget' and 'budgetary control'. State the advantages of budgetary control in an organisation.
- What are the main steps in budgetary control? State the main objectives of budgetary control.
- Discuss the various preliminaries required for adoption as system of budgetary control.
- Give an organisation chart for budgetary control and discuss its importance.
- What is budget centre? Is it desirable to prepare a budget for each budget centre?
- Discuss the nature and functions of a budget committee.
- What is budget manual? Mention the contents and advantages of such a manual.
- What is meant by the term 'Flexible Budget'? How is it prepared?
- Define Master Budget and enumerate the advantages of it?
- What are budget manuals?
- What is cash budget? What are objectives?
- What is the difference between Performance Budget and Programme Budget? What are the special areas of application of Programme Budgeting?
- What is Sales Budget? How it is prepared?
- State the importance of 'Budget Key Factor'.
- State the limitations of budgetary control system.
- What is standard time? Explain how standard time is defined?
- List four major use of standard Costs.
- Which accounting plan of standard costing helps to convert standards into actuals by using the ratios.
- "Standards Costs being Future Costs or Relevant Costs". Do you agree? Explain fully.
- Point out the difference between Historical Costing and Standard Costing.
- Explain overhead variances (Two-way)
- Distinguish between 'Estimated Cost' and Standard Cost'.
- Explain 'Flexible Budget'?
- What do you understand by Responsible Accounting?

25. Explain Fixed Budget?
26. Differentiate between Flexible Budget' & Fixed Budget ?
27. What are significance of Responsible Accounting?
28. explain the advantages and limitations of standard costing.
29. Explain the types of responsibility centres?
30. Explain the limitations of Budgetary control?

III LONG ANSWER TYPE QUESTIONS

1. What do you understand by "Budgeting"? Mention the types of budget that management of a big industrial concern would normally prepare.
2. What are the main objectives of a system of budgetary control? Do you think budgetary control is subject to certain limitations?
3. What is budget? What is sought to be achieved by Budgetary Control?
4. Briefly explain the essentials of an effective budgetary control system.
5. Has "Budgetary Control" any significance with management accounting?
6. Outline a plan for Sales Budget and Purchase Budget. What considerations are necessary in the preparation of such budgets?
7. Explain 'Flexible Budget' and Fixed Budget.
8. "Flexible Budgets are more realistic and useful than fixed budgets." Do you agree? Explain.
9. Mr. Managing Director is surprised that his profit every year is quite different from what he wants or expects to achieve. Someone advised him to install a formal system of budgeting. He employs a fresh accountant to do this. For two years, the accountant faithfully makes all budgets on previous year's accounts. The problems remain unsolved. Mr. Managing Director and the Accountant on what steps they should take. Make assumption about what is lacking.
10. Explain the main steps in Budgetary Control with reference to manufacturing-cum-selling enterprise.
11. What do you mean by Budgetary Control? Explain the objectives of Budgetary Control with special reference to a large manufacturing concern.
12. What do you understand by Budget and Budgetary Control? Give examples of five budgets that may be prepared and employed by a manufacturing concern.
13. Explain the distinction between cost control and cost reduction. Enumerate some of the important tools/techniques of cost reduction and cost control.
14. Are you in agreement with the view that Budgeting should better be called Profit Planning and Control.
15. "Why do responsible people in an organisation agree to accept budgetary control in theory but resists in practice"? Explain.
16. "If the Sales forecast is subject to error then there is no basis of budgeting." Do you agree? Also explain how flexible budget can be used to help control cost.
17. What do you understand by Responsible Accounting?
18. Discuss Responsible Accounting in brief. What are significance of Responsible Accounting?
19. Explain the procedure you would follow to prepare a projected Profit and Loss Account and Projected Balance Sheet. Explain also use of these statements.

20. "Budgetary control improves planning, aids in co-ordination and helps in having comprehensive control." Elucidate this statement.
21. Explain briefly the advantages and limitations of Standard costing. In what ways does it differ from budgetary control?
22. What factors should be considered in setting (a) Material Price Standard (b) Material Usage Standard (c) Labour Rate Standard (d) Labour Time Standard.
23. "A firm can avoid standard costing but, of course, at its own peril". Elucidate it and explain the advantages and limitations of standard costing.

Functional budgets

24. Prepare a Material Budget of Ab C. Ltd., based on the following information. The production order of the product show the following consumption:
 - (i) Consumption for the batch of 1,000 units of

Material No.	Rate per kg	Products A	Products B
	Rs.	Kg.	Kg.
11	60	50	80
13	60	10	5
16	10		30
17	50	6	30
18	5	<u>4</u>	<u>4</u>
	Total	<u>70</u>	<u>129</u>

(ii) Production (units)	Product A	1,000 units			
	Product B	11,000 units			
[Ans: Material No:	11	13	16	17	18
Qty. (Kg)	1,480	175	330	18	92
Amt. (Rs)	88,800	10,500	3,300	9,100	300]

25. Draw a Material procurement Budget (Quantative) From the following information:
Estimated sales of a product 40,000 units. Each unit of the product requires 3 units of material A and 5 units of material B.

Estimated opening balances at the commencement of the next year:

Finished products	5000 units
Material A	120000 units
Material B	200000 units
Materials on order:	
Material A	7000 units
Material B	11,000 units
The desirable closing balance at the end of next year	
Finished products	7,000 units

Material A	150000 units
Material B	250000 units
Material on order:	
Material A	8000 units
Material B	10,000 units

26. Production cost of a factory for a year is as follows:

Direct wages	Rs. 80,000
Direct materials	1,20,000
Production Overheads, Fixed	40,000
Production Overheads, variables	60,000

During the forthcoming year it is anticipated:

- That average rate for direct labour remuneration will fall from Rs. 3 per hour to Rs. 50 per hour;
- Production efficiency will remain unchanged;
- Direct labour hours will increase by 331/3%.

The purchase price per unit of direct material and of the other materials and services which comprise overheads will remain unchanged.

Draw a budget and computer a factory overhead rate, the overhead being absorbed on a direct wage basis.

[Ans: cost of production Rs.308889, production overheads rate of 113.5%.]

27. A company is a manufacturing two products X and Y. A forecast labour the number of units to be sold in the first seven months is given below:

Month	Product X	Product T
January	10000	280000
February	12000	28000
March	16000	24000
April	20000	20000
may	24000	16000
June	24000	16000
July	20000	18000

Its is anticipated that

- There will be on work-in-progress at the end of any month;
- Finished units equal to half the sales for the next month will be in stock at the end of eachmonth(including December, of the previous year)

Budget production some production costs for the year ending 31stDecember are as follows

29. ABC Ltd., a newly started company, wishes to prepare wash budget from January. Prepare a cash budget for the first six months from the following estimated revenue and expenses.

Months	Total sales	Materials	Wages	Overheads	
				Production	Selling & Distribution
	Rs.	Rs.	Rs.	Rs.	Rs.
January	20000	20000	4000	3200	800
February	22000	14000	4400	3300	900
March	28000	14000	4600	3400	900
April	36000	22000	4600	3400	900
May	30000	20000	4000	3200	900
June	40000	25000	5000	3600	1200

Cash balance on 1st January was Rs. 10000. A new machinery is to be installed at Rs. 20000 on credit, to be paid by two equal instalments in March and April.

Sales commission @5% on total sales is to be paid within a month following actual sales. Rs. 10000 being the amount on 2nd call may be received in March. Share premium amounting to Rs. 2,000 is also obtainable with the 2nd call.

Period of credit allowed by supplier	:	2 months
Period of credit allowed to customers	:	1 Month
Delay in payment of overheads	:	1 month
Delay in payment of wages	:	½ month

[Ans: Closing cash balance January Rs. 18,000; Feb. Rs. 29,800; March Rs. 27,000; April Rs. 24,700, may Rs. 33,100 and juneRs.36,000]

30. Prepare a cash budget for M/S Alpha Manufacturing Company on the basis of the following information for the first six months of 1991.

- (1) Costs and Price remain unchanged.
- (2) Cash sales are 25% and credit sales are 75% of total sales.
- (3) 60% of credit sales are collected in the month after sales, 30% in the second month and 10% in the third, no bad debts are anticipated.
- (4) Sales forecasts are as follows:

		Rs.			Rs.
October,	1990	1200000	March,	1991	800000
November,	1990	1400000	April,	1991	1200000
December,	1990	1600000	May,	1991	1000000
January,	1991	600000	June,	1991	800000
February,	1991	800000	July,	1991	1200000

- (5) Gross profit margin 20%.
 (6) Anticipated Purchases:

January,	1991	640000	April,	1991	800000
February,	1991	640000	May,	1991	640000
March	191	960000	June,	1991	960000

- (7) Wages and salaries to be paid for 1991:

January,		120000	April,		200000
February,		160000	May,		160000
March		200000	June,		140000

- (8) Interest on Rs. 2000000 @ 6 % on debentures is due by end of March and June.
 (9) Excise deposit due in April Rs. 2,00,000.
 (10) Capital Expenditure on plant and machinery planned for June Rs. 120000.
 (11) Company has a cash balance of Rs. 400000 at 31.12.1990.
 (12) Company can borrow on monthly basis.
 (13) Rent is Rs. 8,000 per month.

[Ans: Cash balance at the close of month: Jan Rs. 907000, Feb. Rs. 1034000, March Rs. 651000, April Rs. 400000, May Rs. 550000, June Rs. 400000.]

Flexible Budgets

31. Draw up a flexible budget for overheads expenses on the basis of the following data and determine the overhead rate at 70 %, 80% and 90% plan capacity.

	Capacity Levels		
	70%	80%	90%
Variable overheads:	Rs.	Rs.	Rs.
Indirect Labour	-----	12000	-----
Stores including spares	-----	4000	-----
Semi-variable Overheads:			
Power (30% fixed, 70% variable)	-----	20000	-----
Repairs and maintenance (60% fixed, 40% variable)	-----	2000	-----
Fixed overheads:			
Depreciation	-----	11000	-----
Insurance	-----	3000	-----
Salaries	-----	10000	-----
Total overheads	-----	62000	-----
Estimated direct labour hours	-----	124000 Hrs.	-----

[Ans: Total overheads at 70% capacity Rs. 58150; at 80% capacity Rs. 62000 at 90% capacity Rs, 65850; Direct labour hour rate Re. 0.536; Re. 0.500 and Re. 0.472 respectively.]

32. For production of 10,000 electrical automatic irons the following are the budgeted expenses:

	Per unit
Direct material	Rs. 60
Direct labour	30
Variable overheads	25
Fixed overheads (Rs. 150000)	15
Variable expenses	5
Administration expenses (Rs. 50000 rigid for all levels of production)	5
Distribution expenses(20% fixed)	5
Total cost of sale per unit	<u>160</u>

Prepare a budget for production of 6000,7000 and 8000 irons showing distinctly marginal Cost Rs. 825000; Rs. 962500 and Rs. 1100000 respectively. Total cost Rs. 1050000, Rs. 1187500 and Rs. 1325000 respectively.]
[Hint: Marginal cost means variable cost.]

33. ABC Limited have prepared the budget for the production of a lakh units of the only commodity manufactured by them for a costing period as under:

Raw materials	Rs. 2.52 per unit
Direct wages	0.75 per unit
Direct expenses	0.10 per unit
Works Overheads (60 % fixed)	2.50 per unit
Administration overheads (80% fixed)	0.40 per unit
Selling overheads (50% fixed)	0.20 per unit

The actual production during the period was only 60000 units. Calculate the revised budgeted cost per unit.

[Ans: Cost of Sales: Original Rs. 647000; Revised Rs.465000.]

34. The following data are available in a manufacturing company for a half-yearly period;

Fixed expenses:	(Rs. In lakhs)	(Rs. In lakhs)
Wages and Salaries	8.4	
Rent, Rates and Taxes	5.6	
Depreciation	7.0	
Sundry Administration Expenses	8.9	29.9
Semi-variable Expenses:		
(At 50% of capacity)		
Maintenance and Repairs	2.5	
Indirect labour	9.9	
Sales department salaries etc:	2.9	
Sundry administration expenses	2.6	17.9

Variable Expenses (at 50% of capacity)		
Material	24.0	
Labour	25.0	
Other Expenses	3.8	53.4

Assume that the fixed expenses remain constant for all levels of production, semi-variable expenses remain constant between 45% and 65 % capacity, increasing by 10% between 65% & 80 capacity, and by 20% between 80% and 100% capacity.

Sales at the various levels are:	(Rs. In lakhs)
60% Capacity	100.00
75% Capacity	120.00
90% Capacity	150.00
100% Capacity	170.00

Prepare a flexible budget for the half-year and forecast the profit at 60%,75%,90% and 100% capacity levels, respectively.]

Direct Material Variances

35. A Manufacturing concern which has adopted standard costing furnishes the following information:

Standard:	
Material for 70kg of furnished products	100kg
Price of material	Re. 1 per kg.
Actual:	
Output	210000 kg.
Material used	280000 kg.
Cost of material	252000
Calculate:	

(a) Material usage variance (b) material price variance, and (c) material cost variance.

[Ans(a) Rs. 20000(F);(b)Rs. 28000(F);(c)48000(F)]

36. Given that the cost standard for material consumption are 40kg. @ Rs. 10 per kg., compute the variance when actuals are :

- 48 kg at Rs. 10 per kg.
- 40kg at Rs. 12 per kg.
- 48kg at Rs. 12 per kg.
- 36kg for a total cost of Rs. 360

[Ans(a) (i) DMPV Nil,(ii) DMUV Rs.80(A); (b)(i)DMPV Rs.80(A),(ii) DMUV Nil,(c)(i)DMPV Rs. 96(A),(ii)DMUV Rs.80(A);(d) (i)DMPV Nil, (ii) DMUV Rs. 40 (F)]

37. The standard material cost for 100 kg. of Chemical D is made up of :

Chemical A—30kg. @ Rs. 4.00

Chemical B—40kg. @ Rs.5.00 per kg., and

Chemical C—80kg. @ Rs.6.00 per kg.

In a batch, 500kg.of Chemical D were produced from a mix of

Chemical A--- 140kg at a cost of Rs. 588

Chemical B---220kg at a cost of Rs.1056, and

Chemical C---440 kg at a cost Rs. 2860.

How do the yield, mix and price factors contribute to the variance in actual cost per 100 kg of chemical D over the standard cost?

[Ans:DMCV Rs. 40.80 (A), DMMV Rs. 16.67(A),DMYVRs. 53.33(A)]

38. Mixer Ltd. Is engaged in producing a ‘standard mix’ using 60kg of chemical X and 40 kg of chemical Y. the standard loss of production is 30%. The standard price of X is Rs. 5 per kg and Y is Rs. 10 per kg.

The actual mixture and yield were as follows:

X 80Kg. @ Rs. 4.50 per kg.

Y 70kg. @ Rs. 8.00 per kg.

Actual yield 115 kg.

Calculate material Variance (price,usage,yield,mix)

[Ans: Price Variance Rs. 180(F), Usage Variance Rs. 50(A)yield variance Rs. 100 (F), Mix Variance Rs. 50 (A)]

39. From the following information, Calculate the variances.

Material	Standard			Actual		
	Quantity Kg.	Rate Per kg.	Total Rs	Quantity Kg.	Rate Per kg.	total
X	60	3	180	50	3	150
Y	40	6	240	35	6	210
	<u>100</u>			<u>85</u>		
Less: Normal				Loss 7		
Loss	<u>10</u>					
	90		420	78		360

[Ans: DMCV Rs.4 (F),DMPV Nil, DMMV Rs. 3 (F), DMYV Rs. 7 (F)]

40. Following are the particulars in respect of a product where two types of materials A and B are to be used.

Material Input	Standard		Actual	
	Tonnes Rs.	Rate	Tonnes Rs.	Rate
A	120	10.00	140	9.50
B	80	7.50	60	9.00
	<u>200</u>		<u>200</u>	
Less	<u>20</u>		<u>18</u>	
Net production	180		182	

You are required to calculate:

- (a) Material price Variance,
 (b) Material Mix Variance and
 (c) Material Yield Variance.

[Ans: (a)Rs. 20(A),(b) Rs. 50(A),(c) Rs. 20(F)]

41. The details regarding the composition and the weekly wage rate of labour forces engaged on a job scheduled to be completed in 30 weeks are as under:

Category of workers	Standard		Actual	
	No. of labourers	Weekly wage rate per labourer(Rs.)	No. of labourer	Weekly wage rate per labourer (Rs.)
Skilled	75	60	70	70
Semi-skilled	45	40	30	50
Unskilled	60	30	80	20

The work is actually completed in 32 weeks. Calculate the various labour variances.

[Ans: labour cost variance Rs. 13,000 (A); Labour Rate variance Rs. 6400(A); Labour Efficiency Variance Rs. 6,600 (A); Labour Mix Variance Rs. 9,600 (F); Revised Labour Efficiency Variance Rs. 16,200(A)].

- 42.

	Kg.		Total Rs.	Kg.		Total Rs.
Input	500	Material @Rs. 39 per kg. Labour 4,000 hrs. @Rs. 1.50 per hour	19500 6,000	500	Material @42 per kg. per kg. Labour 4,000 hrs@1.50 per hour	21,000 6,000
Normal Loss	20		_____	40		_____
Output	<u>480</u>		25500	460	Actual Loss	27,000

Calculate:

- (i) Material Cost Variance
- (ii) Material Price Variance
- (iii) Material Yield Variance
- (iv) Labour Cost Variance
- (v) Labour Price Variance
- (vi) Labour Yield Variance

[Ans: (i)Rs. 2312.50 (A), (ii) Rs.1500(A), (iii) Rs.812.50(A) (iv) Rs.250(A), (v) Rs. Nil, (vi) Rs.250 (A)].

43. For one unit of product A, the standard data are given below:

Material :	Rs.
5 kg. @ Rs. 40 per kg.	200
Labour:	
40 hrs. @Rs. 1.00 per hour	40
	<u>240</u>
Actual data:	
Actual Production : 100 units	
Material 490kgs. @ Rs. 42 each	20,580
Labour 3,960 hours @RS. 1.10 per hour	<u>4,356</u>
Calculate Variances	<u>24,936</u>

[Ans: (a) Material: (i) Cost Rs.580(A),(ii)Price Rs. 980(A), (iii) Usage Rs. 400(F);(b) labour;(i)Cost Rs.356(A), (ii) Rate Rs. 396(A), (iii) Efficiently Rs. 40 (F)].

Overhead Variances

44. From the following data, calculate fixed overheads expenditure and volume variance:

Fixed overheads Budget for November	Rs. 10,000
Budgeted production for the month	50,000 units
Actual production for the month	54,000 units
Actual fixed overhead incurred	Rs. 1,20,000

[Ans: Volume Variance Rs. 8,000 (F); Expenditure Variances Rs. 20,000 (A)]

45. Find out variable overheads variance from the following:

Budgeted variable overhead for January Rs. 8,000.
 Budgeted production for the month 500 units.
 Standard variable for one unit of production 10 hours.
 Actual variable overheads Rs. 6,600.
 Actual production for the month 400 units.

[Ans: Cost Rs. 200 (A) Expenditures. 520(A), Efficiency Rs. 320 (F)].

UNIT-IV

I MULTIPLE CHOICE QUESTIONS:

1. Marginal cost is computed as
 - A. Prime cost + All Variable overheads
 - B. Direct material + Direct labour + Direct Expenses + All variable overheads
 - C. Total costs – All fixed overheads
 - D. All of the aboveANS. A

2. Marginal costing is also known as Direct costing
 - A. Variable costing
 - B. Both a and b
 - C. None of the aboveANS. C

3. Which of the following statements are true?
 - (a) Marginal costing is not an independent system of costing.
 - (b) In marginal costing all elements of cost are divided into fixed and variable components.
 - (c) In marginal costing fixed costs are treated as product cost.
 - (d) Marginal costing is not a technique of cost analysis.
 - A. A and B
 - B. B and C
 - C. A and D
 - D. B and DANS. A

4. While computation of profit in marginal costing
 - A. Total marginal cost is deducted from total sales revenues
 - B. Total marginal cost is added to total sales revenues
 - C. Fixed cost is added to contribution
 - D. None of the aboveANS. A

5. Under High and Low Point method, the output at two different levels is compared with the amount of _____ incurred at these two points.
 - A. Total fixed costs
 - B. Total costs
 - C. Total fixed costs
 - D. None of the aboveANS. B

6. Which of the following statements related to Contribution Analysis are true?
A. If contribution is zero, there is loss equal to fixed costs
B. If contribution is negative, loss is less than fixed costs
C. If contribution is positive and more than fixed cost there will be profit.
D. All of the above
ANS. A
7. When contribution is negative but less than fixed cost,
A. There is loss equal to fixed costs
B. There is loss more than fixed costs
C. There will be loss less than fixed costs
D. All of above are false
ANS. C
8. When contribution is positive but equal to fixed cost,
A. There is loss equal to fixed costs
B. There is loss more than fixed costs
C. There will be loss less than fixed costs
D. There will be neither profit nor loss
ANS. D
9. Absorption costing is also known as
A. Historical costing
B. Total costing
C. Both a and b
D. None of the above
ANS. C
10. In context of net operating profit, which of the following statements are true?
A. If all costs are variable, the amount of profit obtained in marginal costing and absorption costing will be same.
B. If the volume of sales and output is equal in a period, profit will be same in absorption costing and marginal costing.
C. Both a and b
D. None of the above
ANS. C
11. Under absorption costing, managerial decisions are based on
A. Profit
B. Contribution
C. Profit volume ratio
D. None of the above
ANS. A

12. Managers utilizes marginal costing for
- A. Make or buy decision
 - B. Utilization of additional capacity
 - C. Determination of dumping price
 - D. All of the above
- ANS. D
13. _____ is not suitable where selling price is determined on the basis of cost-plus method.
- A. Absorption costing
 - B. Marginal costing
 - C. Both a and b
 - D. None of the above
- ANS. B
14. Which of the following are characteristics of B.E.P?
- A. There is no loss and no profit to the firm.
 - B. Total revenue is equal to total cost.
 - C. Contribution is equal to fixed cost.
 - D. All of the above.
- ANS. D
15. Which of the following are limitations of break-even analysis?
- A. Static concept
 - B. Capital employed is taken into account.
 - C. Limitation of non-linear behaviour of costs
 - D. Limitation of presence of perfect competition
- ANS. A
16. Using equation method, Break-even point is calculated as
- A. $\text{Sales} = \text{Variable expenses} + \text{Fixed expenses} + \text{Profit}$
 - B. $\text{Sales} = \text{Variable expenses} + \text{Fixed expenses} - \text{Profit}$
 - C. $\text{Sales} = \text{Variable expenses} - \text{Fixed expenses} + \text{Profit}$
 - D. None of the above
- ANS. A
17. Given selling price is Rs 10 per unit, variable cost is Rs 6 per unit and fixed cost is Rs 5,000. What is break-even point?
- A. 500 units
 - B. 1,000 units
 - C. 1,250 units
 - D. None of the above
- ANS. C

18. Contribution is also known as
A. Contribution margin
B. Net Margin
C. Both a and b
D. None of the above
ANS. A
19. Determine Contribution if Sales is Rs 1,50,000 and P/V ratio is 40%.
A. Rs 60,000
B. Rs 70,000
C. Rs 30,000
D. None of the above
ANS. A
20. Which of the following statements are true?
A. Contribution doesn't include fixed cost whereas profit includes fixed cost.
B. Contribution is not based on the concept of marginal cost.
C. Contribution above breakeven point becomes profit.
D. All of the above
ANS. C
21. Profit-Volume ratio is also known as
A. Contribution ratio
B. Contribution/Sales ratio
C. Marginal Income percentage
D. All of the above
ANS. D
22. Which of the following statements are true?
A. P/V Ratio can never be used to measure break-even point
B. Higher the P/V ratio less will be the profit and vice versa
C. Concept of P/V ratio is also used to determine profit at a given volume of sales
D. All of the above
ANS. C
23. The P/V ratio can be improved by
A. Decreasing the selling price per unit
B. Increasing variable cost
C. Changing the sales mix
D. None of the above
ANS. C
24. P/V ratio can be calculated on the basis of variable cost ratio as
A. $1 - \text{Variable Cost Ratio}$
B. $1 + \text{Variable Cost Ratio}$
C. $1/\text{Variable Cost Ratio}$
D. None of the above

ANS. A

25. Sales for desired profit is measured as
- A. $(\text{Fixed cost} + \text{profit}) / (\text{P/V Ratio})$
 - B. $(\text{Fixed cost} + \text{profit}) * (\text{P/V Ratio})$
 - C. $(\text{Fixed cost} - \text{profit}) / (\text{P/V Ratio})$
 - D. None of the above

ANS. A

26. Margin of safety is equal to
- A. Actual sales – Sales at Breakeven point
 - B. Actual sales + Sales at Breakeven point
 - C. Actual sales x Sales at Breakeven point
 - D. Actual sales / Sales at Breakeven point

ANS. A

27. Angle of incidence is the angle at which
- A. Total revenue line intersects the total cost line
 - B. Total cost line intersects the variable cost line
 - C. Variable cost line intersects fixed cost line
 - D. Fixed cost line intersects total revenue line

ANS. A

28. Direct material cost + direct labor cost + other variable costs is equal to...
- A. Contribution
 - B. Total cost
 - C. Marginal cost
 - D. Sales

ANS. A

29. The factor which limits the volume of output of different products of an understanding at a particular point of time is known as...
- A. Key factor
 - B. BEP
 - C. Contribution
 - D. None

ANS. A

30. The break even chart helps the management in...
- A. Forecasting costs and profits
 - B. Cost control
 - C. Long term planning and growth
 - D. All of the above

ANS. D

II SHORT ANSWER TYPE QUESTIONS:

1. How does marginal cost differ from total cost? In what circumstances, if any, may it be to the advantage of manufacturer to sell some of its products at price:
 - (a) Below total cost
 - (b) Below marginal cost
2. What is “Cost and profit”? Bring out its importance.
3. ‘Profit-Volume analysis’ is a technique of analyzing the cost and profits at various levels of volumes’. Explain how such analysis helps management.
4. What is Break-even Analysis? Discuss its assumptions and uses.
5. State four different methods of finding out the break-even point variable costs.
6. Explain how semi-variables costs could be split into fixed and variable costs.
7. What is meant by break-even analysis? Explain the important assumptions and practical significance of break-even analysis.
8. What are the use of break-even analysis & Direct Costing?
9. Explain how marginal costing techniques is useful in day-to-day decision making.
10. Write briefly about ‘Cost-Volume-Profit Analysis’.
11. Examine the concept of ‘Margin of safety’ and gives its uses for decision making.
12. What are the limitations of marginal costing? Explain.
13. Explain the meaning of ‘relevant cost’. What are the characteristics of such costs?
14. Explain the steps that are to be taken for rational decision-making.
15. What factors would you take into consideration in closing or suspending the business activity?
16. What are relevant costs? Identify two common pitfalls in relevant cost analysis?
17. Define the following terms:
 - (i) Relevant cost
 - ii) differential cost
18. Define the following terms
 - (i) opportunity cost
 - (ii) sunk cost
19. Explain the concept of CVP. Explain as to how they useful for the managers for their decision making?
20. Discuss the basic difference between differential costing and marginal costing?
21. It is said that the sales at a price less than the total cost sometime fetch benefit to a business house. State the circumstance in which this Is justified.
22. What is meant by “Angle of Incidence” in a break even chart?
23. Write a note on “ Application of Marginal Costing “
24. What are the limitations of Marginal Costing?
25. The role of managerial accountant in deciding among alternative courses of action in crucial”. Examine this statement with special reference to special order acceptance?
26. “Marginal Costing rewards sales whereas absorption costing rewards production “ ?
27. Define(i) differential cost(ii) Marginal cost.
28. Briefly explain the relevance consideration involved in respect of :
 - (a) Make or buy
 - (b) Temporary closure of a business or part of a business

- (c) Choosing a channel of distribution for a product
- 29. Enumerate the factors which can change the breakeven point .
- 30. What do you mean by “Make or Buy decision “? State the quantitative & qualitative considerations influencing a ‘make or buy ‘decision ?

III LONG ANSWER TYPE QUESTIONS:

1. your boss is looking over a Break-even Chart which you have constructed to portray the cost volume profit relationship of proposed plan of operations. He comments “The Chart only tells me more profits we make”. What is your reply?
2. Explain the techniques of marginal costing and state its importance in decision making.
3. (a) state distinction between marginal costing and absorption costing as regards valuation of finished goods inventories.
(b) What are the limitations of a breakeven chart.
4. What benefits are gained from marginal costing? Are there any pitfalls in the application of marginal costing? Discuss these matters critically.
5. State the implications of selling the product of a multiple firm at a price less than the marginal cost. When would you advocate selling below the marginal cost?
6. “cost-volume-profit” relationship provides the management with a simplified framework for an organisation which is thinking on a number of its problem.Discuss.
7. “the proper treatment of fixed cost presents a problem in full cost pricing”. Explain this statement.
8. “Explain with suitable illustrations the following differential”
(a) In the very long run all cost are differential
(b) In the long run profit calculated under absorption costing will be the same as that under variable costing.
9. Mention the type of problems which a management accountant can expect to solve with Break-even analysis.
10. “marginal costing is the administrative tool for the management to achieve higher profits and efficient operations”. Discuss.
11. Explain under what circumstances marginal costing plays important role in price fixation?
12. What are the chief advantages of break-even analysis? Outline the assumptions behind this analysis.
13. Explain the concept of BEP and CVP. Explain as to how they useful for the managers for their decision making?
14. Distinguish between marginal costing and total costing techniques of cost analysis. how are the profit statement under the two techniques present?
15. Mention any four important factors to be considered in Marginal costing decisions.
16. Discuss the relationship between Angle of Incidence, Break-even level and Margin of safety.
17. Cost benefits analysis is needed for resolving many managerial problems. List the various items of cost and benefit that will quantify in respect of managerial decisions concerning
(a) change versus status quo(b) retain or replace(c) shut down or continue.

Practical Problems:

18. Kaku Ltd. Produces one standard type of article. The result of the last 4 months of the year 1998 are as follows:

	Output (Units)
September 1998	200
October	300
November 1998	400
December	600

Prime cost in Rs. 10 per unit. Variable expenses are Rs.2 per unit. Fixed expenses are Rs. 36,000 per annum. Find out cost per unit of each month.

[Ans: September Rs. 27, October Rs. 22, November Rs. 19.5, December Rs. 17.00]

19. Production costs of oriental enterprises Limited are as follows:

	Level of Activity		
	60%	70%	80%
Output (in units)	1200	1400	1600
Cost (in Rs.)			
Direct Material	24000	28000	32,000
Direct Labour	7200	8400	9,600
Factory Overheads	<u>12800</u>	<u>13600</u>	<u>14,400</u>
Works Cost	<u>44,000</u>	<u>50000</u>	<u>56,000</u>

A proposal to increase production to 90% level of activity is under consideration of management. The proposal is not expected to involve any increase in fixed factory overheads.

Prepare a statement showing the prime cost, total marginal cost and total factory cost at 90% level of activity.

[Ans: Prime Cost Rs. 46,800, Marginal Cost Rs. 54,000, Works Cost Rs. 62,000]

[Hint: fixed overheads Rs. 8,000].

20. A firm has two factories, the product being the same in both cases. The following is the relevant information about the two factories.

	I	II
Capacity P.a	10,000 units	15,000 units
Variable cost per unit	Rs. 70	Rs. 55
Fixed Cost P.a	Rs. 4,00,000	Rs. 9,00,000

The demand is only 20,000 units. State how the capacity in two factories should be utilized.

[Ans: Both factories have to be operated for meeting demand in full. However, Factory II has a lower variable cost per unit. Hence, Factory II should produce 15,000 units and Factory I should produce 5,000 units.]

21. Sales of a product amount to 200 units per month at Rs. 10 per unit. Fixed overheads is Rs. 400 per month and variable cost Rs. 6 per unit. There is a proposal to reduce price by 10%. Calculate the present and future P/V ratios and find by applying P/V ratios, how many units must be sold to maintain total profit.

[Ans: Present P/V Ratio 40%; Future P/V Ratio 331/3%; units to be sold 267].

22. Merry Manufacturers Ltd., has supplied you the following information in respect of one of its products:

	Rs.
Total Fixed Costs	18,000
Total Variable Costs	30,000
Total Sales	60,000
Units sold	20,000

Find out (a) contribution per unit, (b) break-even point, (c) margin of safety, (d) profit and (e) volume of sales to earn a profit of Rs. 24,000.

[Ans(a)Rs. 1.50, (b) 12,000 units,(c) 8,000 units, or Rs. 24,000,(d) Rs. 12,000,(e) 28,000 units].

23. (a) A company has fixed expenses of Rs. 99,000 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?

[Ans: (a)50%, Rs.120000; (b) Rs. 1,80,000]

24. An analysis of Sultan Manufacturing Co. Ltd. Led to the following information:

Cost element	Variable cost	Fixed cost
	(% of sales)	Rs.
Direct Material	32.8	
Direct Labour	28.4	
Factory Overheads	12.6	1,89,900
Distribution Overheads	4.1	58,400
General Administration Overheads	1.1	66,700

Budgeted Sales are Rs. 18,50,000, you are required to determine :

- (i) the break even sales volume;
 (ii) the profit at the budgeted sales volumes; and
 (iii) the profit if actual sales;
 (a) drop by 10% and
 (b) increase by 5% from budgeted sale.

[Ans(i) Rs. 15,00,000, (ii) Rs. 73,500, (iii) (a) Rs. 34650 (b) Rs.92,925]

25. Company A and company B, both under the same management, make and sell the same type of product. Their budgeted Profit and Loss Account for January-june 1986 are:

Company A		Company B	
	Rs.	Rs.	Rs.
Sales		300000	300000
Less: Variable Cost	2,40,000		2,00,000
Fixed Cost	30,000	2,70,000	70,000
		30,000	30,000

You are required to :

- (i) Calculate the Break-even point for each company.
- (ii) Calculate the sales volume at which each of the two companies will profit by Rs. 10,000.
- (iii) Assess how the profitability will change with decrease or increase in volume:

[Ans: Company A		Company B	
(i)	Rs. 1,50,000	(i)	Rs. 2,10,000
(ii)	Rs. 2,00,000	(ii)	Rs. 2,40,000
(iii)	P/V Ratio 20%	(iii)	33.1/3%

26. The reliable Battery Co. furnishes you the following information:

	Year 1996	
	First half	Second half
Sales	Rs. 8,10,000	Rs. 10,26,000
Profit earned	21,600	64,800

From the above you are required to compute the following assuming that the fixed cost remains the same in both the periods:

- (i) Profit/Volume Ratio.
- (ii) Fixed cost.
- (iii) The amount of profit or loss where sales are Rs. 6,48,000.
- (iv) The amount of sales required to earn a profit of Rs. 1,08,000.

[Ans: (i) 20%; (ii) Rs. 1,40,000; (iii) Loss Rs. 10,800; (iv) Rs. 12,42,000].

27. Draw a break-even chart on the basis of following data:

Plant capacity: 1,60,000 units per year

Fixed cost: Rs. 4,00,000

Variable Cost: Rs. 5 per unit

Selling price: Rs. 10 per unit

[Ans: BEP 80,000 units].

28. From the following data, which product would you recommend to be manufactured in a factory, time being the key factor?

	Per unit of product 'A'	Per unit of product 'B'
Direct material	Rs. 24	Rs. 14
Direct labor at Re. 1 per hour	2	3
Variable overhead at Rs. 2 per hour	4	6
Selling price	100	110
Standard Time to produce	2 hours	3 hours

[Ans: product A recommended]

29. From the following data, recommend the most profitable product mix, presuming that direct labour hours available are only 700:

	Product	
	A	B
Contribution per unit	Rs. 30	Rs. 20
Direct Labour per unit	10 hrs.	5 hrs.

The maximum production possible for each of the products A and B 100 units.

The fixed overheads are Rs. 1,000.

[Ans: Product A 20 units; Product B 100 units. Net profit Rs. 1600]

Application CVP Analysis

30. Polestar Electronics decides to effect a 10 % reduction in the price of its product because it is felt that such a step may lead to a greater volume of sales.

It is anticipated that there are no prospects of a change in total fixed costs and variable cost per unit. The directors wish to maintain the new profit at the present level.

The following information has been obtained from its books:

Sales 10,000 units	Rs. 2,00,000
Variable Costs	Rs. 15 per unit
Fixed costs	Rs. 40,000

How would management proceed to implement this decision?

[Ans: Profit Rs. 10,000; Units to be sold 16,667. Management should reduce selling price only when it is sure of increasingly sales by 6,667 units]

31. With a view to increase the volumes of sales. Ambitious enterprises has in mind a proposal to reduce the price of its products by 20%. No change in total fixed costs or variable costs per unit is estimated. The Directors, however, desire the present level of profit to be maintained.

The following information has been provided:

	Sales 50,000 units	Rs. 5,00,000
	Variable Costs	Rs. 5 per unit
	Fixed Costs	Rs. 50,000

Advise management on the basis of the various calculations made from the data given above.

[Ans: Present P/V Ratio 50%, Future P/V Ratio 37.5%. Sales required to maintain present profit Rs. 16,667].

32. A company is proposing to add a new machine costing Rs. 1,00,000. The machine has a life of five years and no salvage value. Other fixed costs associated with the machine are Rs. 5,000 per year. If the variable costs per unit of the product are 75% of selling price, how much minimum additional sales will be necessary so that the present profits are maintained even after the new machine is installed?

[Ans: additional cost per annum Rs. 25,000; P/V Ratio 25%; Additional sales required to maintain the present profit Rs. 1,00,000.]

			Products	
	A	B	C	D
Sales	Rs. 3,00,000	5,00,000	2,50,000	4,50,000
Cost of sales at				
Purchase price	Rs. 2,00,000	4,50,000	2,10,000	2,25,000
Area of Storage (sq. ft.)	50,000	40,000	80,000	30,000
Number of parcels sent	1,00,000	1,50,000	75,000	1,75,000
Number of invoices sent	80,000	1,40,000	60,000	1,20,000

Its overhead cost and basis of allocations are:

		Basis of allocation to products
Fixed costs:		
Rent and insurance	Rs. 30,000	Sq. ft. Occupied
Depreciation	10,000	Parcels sent
Salesmen's Salaries and Expenses	60,000	Sales Volumes
Administration Wages and Salaries	50,000	No. of Invoices
Variable Costs:		
Packing wages and Materials		20 paise per parcel
Commission		4% of sales
Stationary		10 paise per invoice

You are required to:

- Prepare Profit and Loss Statement, showing the percentage of Profit or loss to sales for each product.
- Compare the profit if the company discontinues sale of product 'B' with the profit if it discontinues product 'C'.

[Ans: (a): Profit 9.5%; B: Loss 12.1%; C; Loss 8.8%;D: Profit 26.4%;(b) Total Profit if 'B' is discontinued Rs. 79,000, Total Profit if 'C' is discontinued Rs. 56,000]

36. A radio manufacturing company finds that while it costs Rs. 6.25 each to make component X 273 Q, the same is available in the market at Rs. 5.75 each, with an assurance of continued supply. The breakdown of costs is :

Materials	Rs. 2.75 each
Labour	Rs. 1.75 each
Other variable costs	Rs. 0.50 each
Depreciation and Other fixed cost	<u>Rs. 1.25 each</u>
	<u>Rs. 6.25 each</u>

- What you make or buy?
- What would be your decision if the supplier offered the component at Rs. 4.85 each?

[Ans: (a) variable cost Rs. 5, hence not profitable to buy.

(b) There is a saving of 15 p. per component, the offer may be accepted.]

37. Auto parts Ltd. Has an annual production of 90,000 units for a motor component. The component's cost structure is as given below:

	Rs. Per unit
Materials	270
Labour (25% fixed)	180
Expenses:	
Variable	90
Fixed	135
Total	675

- (a) The purchase Manager has an offer from a supplier who is willing to supply the component at Rs. 540. Should the component be purchased and production stopped?
 (b) Assume the resources now used for this component's manufacture are to be used to produce another new product for which the selling price is Rs. 485.

In the latter case material price will be Rs. 200 per unit. 90,000 units of this product can be produced, at the same cost basis as above for labour and expenses. Discuss whether it would be advisable to divert the resources to manufacturer that new product, on the footing that the component presently being produced would, instead of being produced, be purchased from the market.

[Ans: (a) variable cost per unit: Rs. 495, Purchases Price: Rs. 540. It is beneficial to continue the production of the company.

(b) Contribution per unit of the new product: Rs. 60. Additional cost of purchasing component per unit: Rs. 45. There is a net saving of Rs. 15. It is beneficial to buy the component.]

Change versus Status Quo

38. A company is producing two products 'X' and 'Y' from joint manufacturing process. The joint costs are Rs. 2,00,000 and it has given a production of 1 lakh kilogram of 'X' having a selling price of Rs. 1 per kilogram and 2 lakh kilogram of 'Y' having a selling price of Rs. 1.50 per kilogram.

The company is considering a proposal to process product 'X' into a new product 'Z' which sells at Rs. 3 per kilogram. The processing cost would amount to be Rs. 1,75,000 for converting one lakh kilograms of products 'X' to product 'Z'.

You are required to advise the company about the acceptance or rejection of the above proposal.

[Ans: Transformation will result in an additional profit of Rs. 25000. The proposed may therefore be accepted.]

39. (a) a company is manufacturing three products details of which for the year are given below:

Product	Price Rs.	Variable cost Rs.	Percent of total sale value
A	20	10	40
B	25	15	35
C	20	12	25

Total fixed Costs per year

Total Sales

You are required to work out the break-even point in rupee sales for each product assuming that the sales mix is to be retained.

(a) The management has approved a proposal to substitute product C by product D in the coming year. The latter product has a selling price of Rs. 25 with a variable cost of Rs. 12.50 per unit. The new sales mix of A, B and D is expected to be 50:30:20.

Next year fixed costs are expected to increase by Rs. 31,000. Total sales are expected to remain at Rs. 5,00,000.

You are required to work out the new break-even point in rupee sales and units for each product.

(b) What is your comment on the decision of the management regarding changing product mix.

[Ans: (a) total contribution Rs. 2,20,000; Profit Rs.1,10,000; Composite BEP Rs. 2,60,000

(c) Total contribution Rs. 2,35,000; Profit Rs. 94,000; Composite BEP Rs. 3,00,000.

(d) The decrease in net profit in second year is due to fixed costs and not because of change in product mix. The overall contribution has increased by Rs. 15,000. Hence, the management may change the product mix, as proposed.]

40. R Ltd. Has a factory which manufactures a product whose sale have declined to Rs. 40,000 per annum. Special purpose machinery is employed to make the product and there is no hope of this used for any other purpose. Nor is there any hope of stimulating demand of the existing product.

The estimated life of the factory plant is 5 years and sales should continue at the same level for the whole period. Total variable costs per annum for the expected sales are Rs. 20,000. Fixed costs per annum total Rs. 15,000 including Rs. 7,000 as depreciation. All sales and expenses accrue at the end of the year.

If the factory is sold “lock, stock and barrel” immediately. 30,000 may be obtained. On the other hand, if it is operated for 5 years, Rs. 4,000 is the estimate residual value.

Presuming 10% as the cost of capital, you are required to advise whether it will be appropriate to operate the factory or close it down immediately. The present value of an annuity of Re. 1 at 10% discount for 5 years at 10% discount is Re. 0.62.

[Ans: If plant is operates, for five years total cash inflow would amount to Rs. 47,976. If it is sold only Rs. 30,000 would be realized. It is, therefore, advisable to continue the business to operate.]

[Hint: if factory operates, the annual cash inflow is Rs. 12,000. Moreover. 4,000 will be realized as scrap. The present value of cash inflows therefore amount to Rs. 47,976. (i.e., $12,000 \times 3.791 + 4,000 \times 0.621$.)]

41. Paint manufacturing company manufacturer 2,00,000 per annum medium sized tins of “Spray Lac Paints” when working at normal capacity. It occurs the following costs of manufacturing per unit:

	Rs.
Direct Material	7.80
Direct labour	2.10
Variable Overheads	2.50
Fixed Overheads	<u>4.00</u>
Product Cost (Per unit)	<u>16.40</u>

Each unit(tin) of the product is sold for Rs. 21 with variable selling and administration expenses of 60 paise pertain.

During the next quarter only 10,000 units can be produced and sold. Management plans to shut down the plant estimating that the fixed manufacturing cost can be reduced to Rs. 74,000 for the quarter.

When the plant is operating, the overheads are incurred at a uniform rate throughout the year. Additional costs of plant shut-down for the quarter are estimated at Rs. 14,000.

You are required:

- To express your opinion, along with the calculations, as to whether the plan should be shut down during the quarter, and
- To calculate the shutdown point for quarter in units of products (i.e., in terms of number of tins).
[Ans: (a) Loss when plant is operated Rs. 1,20,000, Loss when plant is shut down Rs. 88,000. The management should shut down the plant.
- Shut down point at output of 14,000 units (i.e., Rs. 1,12,000/8)

QUESTION BANK

HUMAN RESOURCE MANAGEMENT

BCOM-205

QUESTION BANK
HUMAN RESOURCE MANAGEMENT- BCOM 205
B.COM(H) - III

UNIT – I

I MULTIPLE CHOICE QUESTIONS:

- 1 HRM aims to maximize employees' as well as organizations'
 - A. Effectiveness
 - B. Economy
 - C. Efficiency
 - D. PerformativityANS: A

- 2 The difference between HRM and Personnel Management is: -
 - A. Insignificant
 - B. Marginal
 - C. Narrow
 - D. WideANS: D

- 3 Who takes an active role on HRM?
 - A. CEOs
 - B. Employees
 - C. HR Staff
 - D. Senior ManagerANS: B

- 4 1970s represent the evolution of new discipline under the name of _____.
 - A. Personnel management
 - B. HRM
 - C. Industrial sociology
 - D. Organizational sociologyANS: B

- 5 HRM function does not involve: -
 - A. Recruitment
 - B. Selection
 - C. Cost Control
 - D. TrainingANS: C

- 6 A statement about the values of employees to the firm that in turn shapes HR policy contents is called: -
A. HR programs
B. HR strategy
C. HR philosophy
D. HR function
ANS: C
- 7 Which one is the first step in any human resource program?
A. Selection
B. Planning
C. Training
D. Appraising
ANS: B
- 8 The _____ approach is based on the belief that employees have certain inalienable rights as human beings and it's the duty of the employer to protect these rights.
A. Paternalistic
B. Behavioral HR
C. Humanitarian
D. None of the above
ANS: C
- 9 _____ employees make companies more competitive.
A. Motivated
B. Empowered
C. Qualified
D. Skilled
ANS: B
- 10 Which of the following is/are the development function of HRM: -
A. Training and Executive Development
B. Career Planning & Development
C. Performance and Potential Appraisal
D. Only a and b
E. All of the above
ANS: E
- 11 The major constituents of TQM are ____
A. Customers
B. Employees
C. Stock-holders
D. All of the above
ANS: D

- 12 _____ is any process that provides greater authority the sharing of relevant information and the provision of control over factors affecting job performance.
- A. Collective Bargaining
 - B. Empowerment
 - C. Participation
 - D. None of the above
- ANS: B
- 13 Which of the following Procurement function of HRM?
- A. Job analysis
 - B. HRP
 - C. Placement
 - D. All of the above
 - E. None of the above
- ANS: D
- 14 Several ways in which HR activities can be done or practiced may be termed as: -
- A. HR Practices
 - B. HR Planning
 - C. HR Department
 - D. HR Roles
- ANS: A
- 15 Employees given authority to make decisions and take actions become
- A. Satisfied
 - B. Empowered
 - C. Managers
 - D. Committed
- ANS: B
- 16 _____ is when an employee feels that the task assigned to him is worthwhile and he cares to do so.
- A. Impact
 - B. Competence
 - C. Meaningfulness
 - D. Choice
- ANS: C
- 17 The concept of Learning Organizations was introduced by:-
- A. Peter Senge
 - B. Peter F Drucker
 - C. Robert Owen
 - D. None of the above
- ANS: A

- 18 Which of the following is critical to the success of TQM?
A. Training
B. Selection
C. Coordination
D. Cooperation
ANS: A
- 19 What did the Hawthorne experiments discover?
A. That people need to belong to a 'social group'
B. That people need heat and good lighting to work well
C. Money is a motivator
D. It makes no difference how you treat people at work in relation to their behaviour
ANS: A
- 20 Which of the following comprise the compensation function of HRM?
A. Job evaluation
B. Wage and salary Administration
C. Bonus
D. All of the above
ANS: D
21. HR managers are generally the _____ managers :
A. Line
B. Middle
C. Staff
D. Top
ANS: C
- 22 How often HR planning process is implemented within an organization?
A. Continuously
B. Annually
C. Bi-annually
D. Quarterly
ANS: A
- 23 What could be the best approach for an organization to sustain in a dynamic environment?
A. Be stagnant
B. Responsive to change
C. Reluctant to change
D. Merge with others
ANS: B
- 24 Effective HRM leads to:
A. Organizational success
B. Organizational failure
C. Organizational complexity

- D. Organizational inefficiency
ANS: A
- 25 Which of the following is the main responsibility of an HR department?
A. Attracting candidates for job
B. Ensure staff development
C. Keep employees motivated
D. All of the given options
ANS: D
- 26 The three important components in aligning business strategy with HR practice:
A. Business Strategy, Human Resource Practices, Organisational Capabilities
B. Marketing Strategy, Human Resource Practices, Organisational Capabilities
C. Business Strategy, Human Resource Practices, Organisational structure
D. Marketing Strategy, Human Resource Practices, Organisational structure
ANS: A
27. The following are the factors which come under 'Work planning' that is component systems of HRD
A. Contextual analysis
B. Role analysis
C. Performance appraisal
D. All the above
ANS: D
- 28 _____ is the simple act of comparison & learning for organisational improvement
A. Benchmarking
B. Feedback
C. Ranking
D. Job evaluation
ANS: A
- 29 HRD process variable include
A. Role clarity
B. Work planning
C. Better communication
D. All of the above
ANS: D
- 30 What term refers to the knowledge, education, training, skills, and expertise of a firm's workers?
A. human resources
B. human capital
C. intangible assets
D. knowledge assets
ANS: B

31. A _____ is a company's plan for how it will balance its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage.
- A. SWOT analysis
 - B. mission statement
 - C. strategy
 - D. tactic
- ANS: C
32. The term _____ means contributing in a measurable way to achieving the company's strategic goals.
- A. competitive advantage
 - B. achievement success
 - C. value creation
 - D. success metric
- ANS: C
33. Managers use a(n) _____ to measure the HR function's effectiveness and efficiency in producing employee behaviors the company needs to achieve its strategic goals.
- A. metric
 - B. HR Scorecard
 - C. benchmark
 - D. high performance work system
- ANS: B
34. Effective human resource management could include all of the following responsibilities except _____.
- A. placing the right person in the right job
 - B. training employees
 - C. controlling labor costs
 - D. all are responsibilities necessary for effective human resource management
- ANS: D
35. Human resource managers generally exert _____ within the human resources department and _____ outside the human resources department.
- A. line authority; implied authority
 - B. staff authority; line authority
 - C. line authority; staff authority
 - D. functional control; authoritarian control
- ANS: A

II SHORT ANSWER TYPE QUESTIONS:

- 1 Define Human Resource Management.
- 2 Write about the Evolution of HRM
- 3 Give the importance of HRM
- 4 Is separation a negative function? Comment.
- 5 HRM is a line manager's responsibility but a staff functions. Elucidate.
- 6 How does technology affect the HR function?
- 7 Write a short note on nature of HRM.
- 8 What are the objectives of HRM?
- 9 Elucidate the characteristics of Human Resource Management.
- 10 What is the significance of traditional HRM?
- 11 What are the different stages of growth in HRM?
- 12 State the difference between HRM and Personnel management?
- 13 State the significance of HR department in every organization.
- 14 What are the strategies to be followed by an organization to empower to their employees?
- 15 Outline the elements of HRM process.
- 16 Why should the HR managers monitor demographic trends (such as composition, race, age, sex, education etc.)?
- 17 What is Kaizen?
- 18 What are Quality Circles?
- 19 What is the importance of flexi time.
- 20 What is Six Sigma.
- 21 Write a short note on scope of HRM.
- 22 What is personnel management.
- 23 Explain the systems approach to HRM
- 24 Discuss the difference between HRM and SHRM.
- 25 How can HRM process contribute to improvements in productivity and quality of work life?
- 26 What is the significance of Human Resource Management?
- 27 Define the term 'Human Resource Management.'
- 28 Discuss the objectives of Human Resource Management in detail.
- 29 What is meant by manpower planning?
- 30 Write short note on scope of HRM.

III LONG ANSWER TYPE QUESTIONS:

- 1 Write a commentary on the history of the development of HRM in India.
- 2 Explain the nature and functions of HR in an organization.
- 3 Explain the concept of HRM? Bring out the scope and importance of HRM.
- 4 State the meaning of HRM. How does it help an organization in promoting productivity and morale of employees?
- 5 How do you think the internet will change the way in which HR processes, such as hiring, compensating, evaluating and benefits are performed?
- 6 Discuss the relationship between technology and HR strategies and actions. What can HR managers do to grapple with economic challenges and technological advancements?

- 7 How does the personnel function change as a firm grows in size? Briefly explain each stage of its development.
- 8 Explain the process and significance of HRM.
- 9 Discuss the changing role of HRM in the 21st century.
- 10 “As a result of globalization and liberalization, HRM function has acquired strategic importance in modern organizations.” Comment.
- 11 What are the contemporary challenges for the HR professionals? Discuss how TQM facilitates employee empowerment.
- 12 “HRM seeks to achieve personal and social goals”. Explain. Outline the major functions of HRM
- 13 Explain the HRM models. Which according to you is the most comprehensive?
- 14 What do you understand by employee empowerment? Describe various approaches to empowerment.
- 15 Describe briefly different HRM models proposed both researchers both in India and abroad.
- 16 What is HRM? In what ways is it similar and dissimilar to personnel management?
- 17 What is the scope of HRM functions and activities? Indicate various traditional and strategic roles of HRM professionals in this context.
- 18 Discuss Role of Human Resource Professional in Strategic HRM
- 19 Explain in detail the components involved in HRM process with diagram?
- 20 What is the current status of HRM in India? What factors have contributed to a change in
- 21 Trace the evolution of Human Resource Management and discuss how the paradigm shifts in HRM transformed the roles and responsibilities of HR manager.
- 22 What is TQM. What are the objectives and goals of TQM .
- 23 Give the importance of TQM in HRM. Also, talk about the process of TQM
- 24 What is Six-Sigma. How is Six-Sigma implemented in an organization.
- 25 What are the HR strategies of new millennium? Elaborate.
- 26 Explain the nature and Scope of Human resource Management.
- 27 What are the functions of Human Resource Management? Discuss them in detail.
- 28 What roles may be assigned to HR Manager in a company?
- 29 Explain the Advisory and service functions to another department.
- 30 What are the future Challenges before managers?

UNIT - II

I MULTIPLE CHOICE QUESTIONS:

- 1 HR's strategic architecture can be shown as: -
 - A. HR Function → HR System → Employee Behaviors
 - B. HR System → HR Function → Employee Behaviors
 - C. HR Function → Employee Behaviors → HR System
 - D. HR System → Employee Behaviors → HR Function
- ANS: A

- 2 Which activities are not associated with human resource planning?
A. Forward planning
B. Scenario planning
C. Time keeping
D. Succession planning
ANS: C
- 3 JA process is: -
A. Mostly informal
B. Specialized
C. Highly formal
D. Mostly technical
ANS: C
- 4 Why is job analysis so infused with organizational politics? Is it:
A. The process which could lead to contraction of employees in a department and therefore diminishing its power base.
B. A result of interdepartmental rivalry.
C. Because it is not an objective activity.
D. The process through which companies try to shed labour.
ANS: A
- 5 Reasonable balance between demand and supply of labor is necessary in: -
A. Manpower planning
B. JD
C. Recruitment
D. JA
ANS: A
- 6 Which of the following is not involved in manpower planning?
A. Analysis of requirements
B. Intuitive judgment
C. Forecast
D. Course of action
ANS: B
- 7 Forecast requirements, besides demand, essentially take into account
A. Processes
B. Consumers
C. Supply of labor
D. Products
ANS: C
- 8 Statement describing the values, objectives and goal of HR department is called ____
A. HR vision
B. HR strategy

- C. HR mission
- D. HR design

ANS: C

9 Method of data collection to back up a forecast of personnel needs _____

- A. IPS
- B. PEEP
- C. PAIR
- D. HRIS

ANS: D

10 Minimum acceptable qualifications required for a job are termed as: -

- A. JS
- B. JD
- C. JA
- D. Job Appraisal

ANS: A

11 Job Enlargement means: -

- A. Horizontal expansion
- B. Vertical expansion
- C. Diagonal expansion
- D. Circular

ANS: A

12 That which adds more of the same type of duties requiring same skills is: -

- A. Job progression
- B. Job enrichment
- C. Job enlargement
- D. Job relatedness

ANS: C

13 Intelligence and memory of a person constitute _____ characteristics: -

- A. Psychological
- B. Physical
- C. Mental
- D. Social
- E. Personal

ANS: C

14 The use of process criteria in job selection means that the individual is being assessed on _____.

- A. The number of tasks they can process simultaneously.
- B. A methodological approach to task completion.
- C. How many tasks can be processed in a set amount of time.
- D. The right way to complete a task successfully.

ANS: D

15. Which of the following is a stated outcome of 'Job Analysis'?
- A. Job description
 - B. Job specification
 - C. Job evaluation
 - D. All of the given options

ANS: D

16. Job analysis can be performed in all of the following ways except:
- A. Observing hourly work
 - B. Reviewing interviews conducted with departing employees
 - C. Studying diaries or daily journals that manager kept over a three-month period
 - D. Giving workers checklists to indicate which tasks on the list are performed
 - E. during job execution.

ANS: A

17. HRM has primary responsibility for all of these implementation variables except:
- A. Task design
 - B. People
 - C. Reward systems
 - D. Organization structure

ANS: D

18. Which of these is the process of getting detailed information about jobs?
- A. Job design
 - B. Job description
 - C. Job analysis
 - D. Job skills

ANS: C

19. In which of these steps, the HR manager attempts to ascertain the supply of and demand for various types of human resources?
- A. Forecasting
 - B. Program implementation
 - C. Evaluation
 - D. Goal setting

ANS: A

20. To anticipate the human resource needs of the organization based on some previous data or managerial judgment is known as;
- A. Demand forecasting
 - B. Supplies forecasting
 - C. Financial forecasting
 - D. Sales forecasting

ANS: A

21. HRP addresses which of the following needs of the employees
- A. Social
 - B. Development
 - C. Economic
 - D. All of the above
- ANS: B
22. Manpower planning is more important if the organization's goals include
- A. Rapid expansion
 - B. Stable growth
 - C. Identifying the marketing mix
 - D. All of the above
- ANS: A
23. Certain jobs require planning activities projecting 1 or 2 even more years in future. These jobs are:
- A. Unskilled jobs
 - B. Semi skilled jobs
 - C. High skilled jobs
 - D. All of the above
- ANS: C
24. An HR Plan is influenced by
- A. Goals of the organization
 - B. Government policies
 - C. Types of employees and tasks they perform
 - D. All of the above
- ANS: D
25. A strategic plan must adopt to
- A. Social Structure
 - B. Economic Policies
 - C. Environmental Circumstances
 - D. All of the above
- ANS: C
26. The actual achievements compared with the objectives of the job is
- A. Job performance
 - B. Job evaluation
 - C. Job description
 - D. None of the above
- ANS: A

- 27 The following is (are) concerned with developing a pool of candidates in line with the human resources plan
- A. Development
 - B. Training
 - C. Recruitment
 - D. All the above
- ANS: C
- 28 The following type of recruitment process is said to be a costly affair.
- A. Internal recruitment
 - B. External recruitment
 - C. Cost remains same for both types
- ANS: B
- 29 _____ can be defined as a written record of the duties, responsibilities and conditions of job.
- A. Job description
 - B. Job specification
 - C. Job profile
 - D. None of the above
- ANS: A
- 30 What is that describes the duties of the job, authority relationship, skills requirement, conditions of work etc.
- A. Job analysis
 - B. Job enlargement
 - C. Job enrichment
 - D. Job evaluation
- Ans: A
31. Arrange the following staffing procedure in the correct sequence
- (i) Determining sources of personnel supply
 - (ii) Preparing personnel specifications
 - (iii) Selection of personnel
 - (iv) Determining Personnel Characteristics
- A. (ii), (i), (iv) and (iii)
 - B. (i), (ii), (iii) and (iv)
 - C. (ii), (i), (iii) and (iv)
 - D. (ii), (iii), (i) and (iv)
- ANS: A
32. Training information system included
- A. Training aids
 - B. Internal and external faculty
 - C. Training resources
 - D. Training needs

ANS: D

33. _____ is the process of estimating the quantity and quality of people required to meet future needs of the organisation.
- A. Demand forecasting
 - B. Supply forecasting
 - C. Environmental forecasting
 - D. None of the above

ANS: A

34. Which of the below given options are the forecasting techniques used?
- (a) Ration Trend Analysis
 - (b) Delphi Technique
 - (c) Staffing projections
- A. A & C
 - B. B & C
 - C. A, B & C
 - D. A & B

ANS: D

35. The process of determining the tasks that make-up a job and the skills, abilities and responsibilities needed to perform the job is called
- A. Job Analysis
 - B. Job Description
 - C. Job Enrichment
 - D. All of the above

ANS: A

II SHORT ANSWER TYPE QUESTIONS:

- 1 State the limitations of Human Resource Planning.
- 2 What is the significance of Human Resource inventory?
- 3 Differentiate between Job analysis & Job description.
- 4 State the objectives of Job analysis.
- 5 Why is job analysis the foundation of many other HR activities?
- 6 Explain the content of Job description.
- 7 Differentiate between Job specification & Job description
- 8 Explain the two components of job analysis?
- 9 What are the reasons for the growing interest in HRP in recent years?
- 10 What are the major sources of manpower supply?
- 11 What precautions should be taken while preparing job description?
- 12 Enumerate the classical approach to job design.
- 13 Job enrichment is vertical loading whereas Job Enlargement is relevant horizontal loading.
- 14 Do you agree that HRP is a mere ritual in the fast changing environment?
- 15 What factors influence the demand for human resources in an organization?

- 16 Internal sources of recruitment.
- 17 Meaning of Third party Recruitment
- 18 Role of Application Blank in Selection Process
- 19 Growing importance of employee referrals.
- 20 Role of psychological tests in selection.
- 21 Discuss in detail the various methods of recruitment in organizations.
- 22 What are the do's and don'ts you will keep in mind while recruiting a more diverse force?
Discuss the selection techniques in detail.
- 23 What do you mean by Recruitment Policy? Explain in detail
- 24 What are the limitations of Interviewing in Selection Process?
- 25 How will you identify training needs of a company? Explain with the help of an example.
- 26 Discuss the methods of job analysis.
- 27 What is job description?
- 28 What is job specification?
- 29 What do you mean by the term recruitment?
- 30 Discuss the concept of placement along with its significance.

III LONG ANSWER TYPE QUESTIONS:

- 1 “The logical approach to staffing begins with a careful assessment and planning of current and prospective requirements”. Comment
- 2 Assume you have to develop a HR plan for a new-generation private sector bank having branches in major towns in India: What specific external factors would be important for you to consider. Why?
- 3 “The scope of human resources planning extends beyond identifying the number of people required.” Discuss different types of action plans based on HRP exercise in an organization.
- 4 “Job analysis is a formal and scientific study undertaken to identify the job contents and the qualities that are required in job holder”. Elucidate this statement in light of the job analysis process.
- 5 Job Analysis is a technique to determine qualitative aspect of manpower planning”. Comment. Prepare the Job Description of a Finance Manager in Non-Banking Finance Company.
- 6 Explain how would you conduct a job analysis?
- 7 What do you understand by job analysis? Examine the uses of job analysis information in HRM.
- 8 Describe the concept of job description. Discuss the process of developing job specification. What should be included in employee specification?
- 9 Define job specification. How is it different from job description? Draw a specimen form of job specification.
- 10 What is meant by HR planning? Describe its function in an organization.
- 11 How would you organize and implement HR planning? Discuss the varied steps required in effective HR planning.
- 12 Describe the various quantitative and qualitative techniques of HR planning.
- 13 What are the contributions of human resource to strategic objectives of a firm? Is it possible to link HR planning with corporate objective?

- 14 Define the relationship between job analysis, job description and job specification.
- 15 Explain the recent trends in job redesign.
- 16 What do you understand by job design? Explain the main methods used to design jobs.
- 17 “There exists a close relationship between HRP, Job analysis/job description and employee selection”. Do you agree with the statement? If yes, explain how, is no, illustrate why not. Substantiate your answer with the help of suitable examples and conceptual models.
- 18 Explain the job characteristics model of job design and work motivation.
- 19 What are the sources of HR Planning? How might imbalances between HR demand and supply be reconciled?
- 20 What is Job Analysis? Discuss the significance of Job Analysis.
- 21 Differentiate job analysis from job description. Explain how job analysis and job description are essential tools of human resource management and illustrate with appropriate examples how these tools are used for managing human resources.
- 22 What is the significance of selection in organizations? Describe the steps involved in the selection process. Why selection is called a negative process?
- 23 What are the various hurdles in selection process? State the objective of good selection policy.
- 24 How can recruitment be made effective? What role can psychometric testing play in selection?
- 25 What are the different tests used in the selection of new employees? Explain with the help of any industry.
- 26 Discuss the HRM Function planning in detail.
- 27 Discuss various types of Human Resource policies in detail.
- 28 How to organize the HRM Department. Discuss in detail.
- 29 Discuss procurement and development functions in detail.
- 30 What is job analysis? Discuss the contents of job analysis in detail

UNIT - III

I MULTIPLE CHOICE QUESTIONS:

- 1 Selection is concerned with_____
 - A. The activity to select a suitable pool of candidates.
 - B. Always stimulating by the departure of an employee.
 - C. Always ascertaining a candidate’s personality to ensure a suitable fit.
 - D. Applying appropriate techniques and methods to select a candidate.ANS: D

- 2 Career planning involves determination of path of movement of an individual over-time
 - A. Lateral
 - B. Upward
 - C. Downward
 - D. StationaryANS: B

- 3 Some of the most popular methods of attracting applicants include:
- A. Radio and TV advertisement
 - B. Press advertising
 - C. Employee referral schemes
 - D. Commercial job boards
- ANS: B
- 4 Selection methods can include:
- A. Interviews
 - B. Ability tests
 - C. References
 - D. A trial periods
- ANS: D
- 5 The most popular form of interview is _____
- A. The situational interview
 - B. The competency-based interview
 - C. The biographical interview
 - D. The unstructured interview
- ANS:D
- 6 The interview is used as a method for determining _____
- A. The personality of the candidate.
 - B. The degree of fit between the applicant and the organizational culture.
 - C. His/her age.
 - D. Physical attributes.
- ANS: B
- 7 MBO was first founded by: -
- A. Ulrich in 1997
 - B. Mohram and Mohram in 1995
 - C. Purcell in 2001
 - D. Drucker in 1955
- ANS:D
- 8 _____ may be defined as sequence of separate, but related work activities providing for continuity, order and meaning in a person's life.
- A. Occupation
 - B. Job
 - C. Career
 - D. Task
- ANS:C
- 9 Which of the following is not a modern method of Performance appraisal?
- A. 360 Degree Appraisal
 - B. HRA

C. BARS

D. GRS

ANS: D

- 10 Potential of employees can be judged by: -
- (i) Reviewing present performance
 - (ii) Analyzing personality traits
 - (iii) Re-looking past experience
 - (iv) Considering age and qualifications
 - (v) Explaining unused knowledge and skills of an employee
- A. All of the above
B. i, ii, iii and iv
C. i, ii, iv and v
D. i, ii, iv and v

ANS: A

- 11 Job Evaluation helps in assessing
- A. Number of employees to be hired
 - B. Relative value of various jobs
 - C. Performance
 - D. Safety

ANS: B

- 12 If a single characteristic of a candidate affects the judgment of the interviewer, it is due to
- A. leniency
 - B. projection
 - C. halo effect
 - D. stereotyping

ANS: C

- 13 Which of the following is a Quantitative method of Job Evaluation?
- A. Job Comparison
 - B. Job Classification
 - C. Factor Comparison
 - D. None of the above

ANS: C

- 14 Value of Job, employees' contribution, and performance form the basis for
- A. Demotion
 - B. Rewards
 - C. Transfer
 - D. Dismissal

ANS: C

- 15 Which of the following is not a performance factor?
A. Behavior
B. Quality and quantity of work
C. Attitudes
D. Dependability
ANS: A
- 16 Appraisals are oriented mostly towards:
A. Salary revision
B. Performance
C. Promotion
D. Motivation
ANS: B
- 17 Intrinsic Rewards exclude:
A. Stock Options
B. Participation in decision making
C. More Responsibility
D. Interesting work
ANS: A
- 18 Attracting, motivating and retaining are the functions of:
A. Training
B. PA
C. T & D
D. Compensation
ANS: D
- 19 Remuneration includes:
A. Gifts
B. Transfers
C. Training
D. Bonus
ANS: D
- 20 Educating the employees and providing them orientation is termed as:
A. Introspection
B. Training
C. Retrospection
D. Induction
ANS: D
- 21 _____ method of HR Accounting assumes that there is no direct relation between costs incurred on an individual and his/her value to the organization at any particular point of time.
A. Asset multiplier

- B. Replacement
- C. Current purchasing power
- D. Standard cost

ANS: A

22 The following steps are involved in developing an HRIS: -

- (i) Systems design
- (ii) System testing and implementation
- (iii) Preliminary system analysis
- (iv) System monitoring and evaluation
- (v) System engineering

- A. i, ii, iii, iv and v
- B. iii, i, v, ii and iv
- C. iii, v, i, ii and iv
- D. iii, i, ii, v and iv

ANS: B

23 Which of the following is an OJT method?

- A. Apprenticeship training
- B. Vestibule training
- C. Committee assignments
- D. Classroom training

ANS: C

24 An effective HR Report is not: -

- A. Subjective
- B. Understandable
- C. Reader-oriented
- D. None of the above

ANS: A

25 The type of transfer made to retain long service employees is termed as: -

- A. Replacement transfer
- B. Versatility transfer
- C. Shift transfer

ANS: A

26 5-In an organization initiating career planning, the career path model would essentially form the basis for

- A. Placement
- B. Transfer
- C. Rotation
- D. All the above

ANS:D

27. Under training and development plan, the form is to be prepared in _____ form.
- A. Duplicate
 - B. Structured
 - C. Detailed
 - D. None of the above
- ANS: A
28. Which of the following is the correct sequence of training evaluation?
- A. Reaction, learning, behavior and results
 - B. Learning, reaction, behavior and results
 - C. Learning, behavior, reaction and results
 - D. Reaction, learning, results and behavior
- ANS: A
29. Training refers to
- A. An act of increasing the knowledge and skill of an employee for doing a particular job
 - B. A short-term educational process and utilizing systematic and organized procedure by which employees learn technical knowledge and skills for a definite purpose.
 - C. It bridges the differences between job requirements and employee's present specifications
 - D. All of the above
- ANS: D
30. A process that is used for identifying and developing internal people with the potential to fill key business leadership positions in the company is called.
- A. Highly talented personnel creation
 - B. Investing in human resources
 - C. Succession planning
 - D. None of the above
- ANS: C
31. Which of the following is the meaning of 'Golden handshake'?
- A. It is a bribe.
 - B. It is a gift.
 - C. It is a gratis.
 - D. It is a compensation.
- ANS: D
32. The famous definition of 'personality' as "the dynamic organization within the individual of those psychological systems that determine his unique adjustments to his environment" – is given by
- A. Theodore T. Herbert
 - B. Sigmund Freud
 - C. Gordon Allport
 - D. James Watson

ANS: C

33. Which one of the following is not time-based incentive plan?
- A. Halsey Plan
 - B. Merrick Plan
 - C. Rowan Plan
 - D. Emerson Plan

ANS: B

34. The following is the right process of training:
- A. Instructional design, validation, need analysis, implementation and evaluation
 - B. Need analysis, instructional design, validation, implementation and evaluation
 - C. Need analysis, validation, instructional design, implementation and evaluation
 - D. Instructional design, need analysis, implementation, validation and evaluation

ANS: B

35. Fish bone analysis as a tool of quality circle was advanced by
- A. Edward Deming
 - B. Joseph Juran
 - C. Kouru Ishi Kawa
 - D. Phillip Crosby

ANS: C

II SHORT ANSWER TYPE QUESTIONS:

- 1 What is the difference between training and development?
- 2 How would you ensure that the training is effective for an employee within the company?
- 3 What are the key issues that should be addressed in the design, conduct, and evaluation of training programs?
- 4 What is Training? What are the objectives of training department?
- 5 Which is the training role you believe is most difficult to learn and which is the easiest one?
- 6 What is the difference between role play and behavior modeling? When would you use one versus the other?
- 7 How are executive development programs different from management development programs?
- 8 What is succession planning, discuss in detail?
- 9 What is the need for Executive Development?
- 10 What are Methods of Executive Development?
- 11 Differentiate between coaching and mentoring.
- 12 Discuss group building methods.
- 13 Uses of Job Evaluation.
- 14 How do you design a training Programme for a medium and small enterprise?
- 15 What do you mean by Job Evaluation?
- 16 What are the methods of Job Evaluation?
- 17 What are the significant legal issues that training department must take into consideration?

- 18 What is the difference between training and development?
- 19 Differentiate between Training, Development and Education.
- 20 Discuss the nature of Training and Development.
- 21 Describe the opportunities and challenges for Training and Development.
- 22 Discuss the importance of Training and Development.
- 23 Design training for a programme with aim of saving someone's life?
- 24 Give different ways of presenting training material?
- 25 How one can analyze that trainee is motivated to learn during training programme?
- 26 What do you understand by training?
- 27 What are the objectives of training?
- 28 Discuss the need for training in modern industry.
- 29 Explain the benefits of training from view point of organization and employees.
- 30 What do you mean by development?

III LONG ANSWER TYPE QUESTIONS:

- 1 Distinguish between training and development. Explain the objectives and techniques of management development and its influence on the HR strategy in an organization.
- 2 Discuss the importance of training and development in organizations. How does the top management's commitment to training needs help in growing employees?
- 3 "Designing the training program without the identification of training needs is just to justify the training manager's existence in the organization." Do you agree? Justify your answer. How will you identify the training needs in an organization?
- 4 Explain the concept of career. Why is career management important in the contemporary corporate environment? Illustrate with examples how differently the organization and the employee view career management.
- 5 Why is training & development still considered to be expenditure rather than an investment by major of Indian companies? What strategies will you adopt as a training executive to market to top management, the organizational benefits which can be reaped from training and development program?
- 6 Explain in detail the future aspects of T& D. What shape according to you is it going to take in near future?
- 7 If you have an automobile company, what are the strategies you will adopt to provide career and development opportunities to you employees?
- 8 What do you mean by Compensation Management?
- 9 Explain in detail the different models for Career Development. Also specify the challenges faced by IT sector in career management?
- 10 Why should the companies be interested in building the career of their employees? What benefits do they get? What are the associated risks?
- 11 What do you mean by Job Evaluation, Write its uses?
- 12 What are the Quantitative & Non- Quantitative methods of Job Evaluation?
- 13 Suppose you are designing a training programme for a group of 40 employees. These employees come from a wide range of ethnic and cultural backgrounds and have different educational and experience backgrounds relative to the content area of the training. What training design features would you use to address these constraints?
- 14 Discuss the following Training methods in detail: (a) Demonstration (b) Discussion

- 15 Discuss the following Off – The Job Training Methods: (a) Sensitivity Training (b) Transactional Analysis (c) Counseling (d) Empowering
- 16 Define the following on – the Job Training Methods: (a) Job Instruction Training (b) Coaching (c) Job Rotation (d) Job Enlargement (e) Job Enrichment
- 17 What are the Components on Compensation?
- 18 How Compensation is a factor of Motivation for Employees?
- 19 What are the advantages and disadvantages of Management Development Program.?
- 20 What issues are required to be addressed in the management development?
- 21 What are the steps needed to be undertaken in management development in the organization?
- 22 The balanced scorecard just the latest management fad that will soon pass away. Comment
- 23 What are the objectives of Management Development Program?
- 24 Discuss the suitability of executive development techniques.
- 25 Discuss in detail, the specific problems associated with training executives and some of the methods that can be used to deal with these problems.
- 26 Discuss the method and types of Executive development in detail.
- 27 What do you understand by career planning?
- 28 Discuss the objectives and process of career planning in detail.
- 29 What is promotion? Discuss the purposes and advantages of promotion.
- 30 Discuss the concept of transfer, along with its types.

UNIT - IV

I MULTIPLE CHOICE QUESTIONS:

- 1 Statement describing the values, objectives and goal of HR department is called ____
 A. HR vision
 B. HR strategy
 C. HR mission
 D. HR design
 ANS: C

- 2 Method of data collection to back up a forecast of personnel needs ____
 A. IPS
 B. PEEP
 C. PAIR
 D. HRIS
 ANS: D

- 3 Minimum acceptable qualifications required for a job are termed as: -
 A. JS
 B. JD
 C. JA
 D. Job Appraisal
 ANS: A

- 4 Job Enlargement means: -
A. Horizontal expansion
B. Vertical expansion
C. Diagonal expansion
D. Circular
ANS: A
- 5 That which adds more of the same type of duties requiring same skills is: -
A. Job progression
B. Job enrichment
C. Job enlargement
D. Job relatedness
ANS: C
- 6 Intelligence and memory of a person constitute _____ characteristics: -
A. Psychological
B. Physical
C. Mental
D. Social
E. Personal
ANS: C
- 7 The use of process criteria in job selection means that the individual is being assessed on _____.
A. The number of tasks they can process simultaneously.
B. A methodological approach to task completion.
C. How many tasks can be processed in a set amount of time.
D. The right way to complete a task successfully.
ANS: D
- 8 Chronic stress is the stress that wears at people day after day. Which of these is an example of chronic stress?
A. An unhappy marriage
B. Ongoing money problems
C. Dissatisfaction with a job
D. All of the given options
ANS: D
- 9 Stress can affect not only your health, but also other aspects of your life. What else can be affected by stress?
A. Family relationships
B. Work performance
C. Your attention to safety
D. All of the given options
ANS: D

- 10 _____ is the process of assessing progress toward strategic goals and taking corrective action as needed.
- A. Strategic management
 - B. Strategic planning
 - C. Strategic control
 - D. Diversification
- ANS: C
- 11 Which of these items would be in the highest security category of a typical HRIS?
- A. Employee name
 - B. Former employers
 - C. Salary
 - D. Work location
- ANS: C
- 12 Playing the role of _____ requires designing and delivering efficient and effective HR systems, processes, and practices.
- A. Administrative Agent
 - B. Change Agent
 - C. Strategic Partner
 - D. Employee Advocate
- ANS: C
- 13 A system used to acquire, store, manipulate, analyze, retrieve, and distributed information related to the company's human resources is called a(n) _____
- A. HRIS
 - B. Progressive discipline system
 - C. IRS
 - D. Contingent workforce system
- ANS: A
- 14 Matching the job description with the individuals' qualification is an important aspect of;
- A. IS
 - B. MIS
 - C. HRIS
 - D. DBMS
- ANS: C
- 15 Which of the following reflects the relationship between MIS & HRIS?
- A. Both are same
 - B. MIS is one aspect of HRIS
 - C. HRIS is one aspect of MIS
 - D. No relationship exists
- ANS: C

16. Several factors radical change attitudes towards Human Resource information system during
- A. During the 1960s and 1970s
 - B. During the 1970s and 1980s
 - C. During the 1990s and 2000s
 - D. During the 1950s and 1960s
- ANS: B
17. System use to collect, record, store, analyse, & retrieve data related to an organisation, is termed as :
- A. IS (Information System)
 - B. MIS (Management Information System)
 - C. HRIS (Human Resource Information System)
 - D. DBMS (Data Base Management System)
- ANS: C
18. Organizations put maximum effort in measuring performance of organization people because ;
- A. It makes procedures cost effective
 - B. It helps in detecting the problem
 - C. It leads to product innovation
 - D. It assists in implementing new technology
- ANS: B
19. Willingness, capacity & opportunity to perform are said to be;
- A. Performance outcomes
 - B. Determinants of performance
 - C. Performance appraisals
 - D. Types of performance standards
- ANS: B
20. One of the major barriers to career advancement experiencing by working ladies is;
- A. Difficulty in balancing work and family life
 - B. Top management is usually male oriented
 - C. Lack of educational opportunities
 - D. Common perception that woman cannot be better boss
- ANS: A
21. The jobs having challenging assignments, career oriented and having good remuneration increase
- A. Government influence
 - B. Recruiting cost
 - C. Image of organization
 - D. Attractiveness of job
- ANS: D

22. Following are the basic principles or conditions that facilitate learning except
- A. Participation
 - B. Relevance
 - C. Feedback
 - D. Education
- ANS: D
23. The basic skills possessed by the individual that are required to give certain performance are termed as:
- A. Ability
 - B. Motivation
 - C. Experience
 - D. Performance
- ANS: A
24. System used to collect, record, store, analyze, & retrieve data related to an organization, is termed as_____
- A. IS (Information System)
 - B. MIS (Management Information System)
 - C. HRIS (Human Resource Information System)
 - D. DBMS (Data Base Management System)
- ANS: C
25. Which one of the following is NOT the source of workforce diversity?
- A. Age
 - B. Gender
 - C. Education
 - D. Resentment
- ANS: D
26. Majority of the disputes in industries is (are) related to the problem of
- A. Wages
 - B. Salaries
 - C. Benefits
 - D. All the above
- ANS: D
27. Performance development plan is set for the employee by his immediate boss.
- A. Employer
 - B. Department Head
 - C. Immediate boss
 - D. Any of the above
- ANS: C

- 28 The following person has suggested the new concept which takes into account various key factors that will tell the overall performance of a job.
- A. Elliot Jecques
 - B. Fred Luthas
 - C. Juran
 - D. None of the above
- ANS: A
- 29 The whole process of conducting a 360 – Degree Feedback process in any Organisation could last about _____.
- A. 1.5 to 3 months
 - B. 3 to 6 months
 - C. 6 to 9 months
 - D. 9 to 12 months
- ANS: A
- 30 The following system is simple, less expensive and less time consuming.
- A. Paired comparison
 - B. Confidential report system
 - C. Ranking
 - D. Checklist method
- ANS: C
- 31 Which is not a method of performance appraisal?
- A. Straight ranking method
 - B. Man-to-man comparison method
 - C. Check list method
 - D. None of the above
- ANS: D
32. Which of these is an advantage of the critical incidents methods while performing performance appraisal?
- A. Minimize inventory costs
 - B. Negative incidents are generally more noticeable than positive ones
 - C. Evaluation is based on actual job behavior
 - D. None of the above
- ANS: C
33. What is the full form of "BARS"?
- A. Behaviorally Anchored Rating Scales
 - B. Baseline Accounting and Reporting System
 - C. Budgeting Accounting and Reporting System
 - D. None of the above
- ANS: A

34. What do behaviorally anchored scales represent?
- A. The scales are anchored by descriptions of actual job behaviour.
 - B. Superiors would feel comfortable to give feedback.
 - C. A range of descriptive statements of behavior varying from the least to the most effective.
 - D. None of the above

ANS: C

35. Who conducts the field review method?
- A. Peers
 - B. Supervisor
 - C. Subordinates
 - D. Someone from corporate office or the HR department

ANS: D

II SHORT ANSWER TYPE QUESTIONS:

- 1 Halo effect in Performance Appraisal
- 2 Advantages of potential appraisal.
- 3 What is post appraisal interview?
- 4 Write short note on Assessment Centre
- 5 Write short note on Behaviorally Anchored Rating Scales
- 6 What are the qualities required of a successful human resource manager?
- 7 Describe the status of a human resource manager.
- 8 Explain briefly the jobs of human resource executives in a business organization.
- 9 Uses of Job Evaluation
- 10 Wage incentive plan.
- 11 Elements of 360-degree appraisal.
- 12 Career planning Vs succession planning
- 13 Profit-sharing does not have motivational value.
- 14 How do working conditions affect employee health?
- 15 What are occupational hazards and diseases?
- 16 Explain the measures that should be taken to protect employee health in industries.
- 17 What do you understand by the term industrial relations? Explain the objectives of industrial relations.
- 18 Why does industrial dispute arise? How can such disputes be settled?
- 19 "Accurate appraisal of performance is very difficult." In the light of this statement, discuss the problems in performance appraisal
- 20 "Job Evaluation determines the worth of a job and not the job holder." Comment.
- 21 "Compensation refers to both intrinsic and extrinsic rewards." Explain the statement and state briefly the objectives that guide the design of compensation system in organizations.
- 22 What are the benefits of the balanced scorecard approach?
- 23 The balanced scorecard just the latest management fad that will soon pass away. Comment.

- 24 What are the five main things an organization would do to recruit and retain a more diverse workforce.
- 25 Write short notes on:
 - a. Contemporary performance appraisal
 - b. Career Development Initiatives
- 26 What is merit rating concept?
- 27 What are the objectives and advantages of merit rating?
- 28 Explain the various methods of Wage payment in detail.
- 29 What do you mean by incentive compensation? Discuss its types.
- 30 Discuss the pre-requisites and advantages of Incentive compensation.

III LONG ANSWER TYPE QUESTIONS:

- 1 What is career planning process? What are the different steps involved in this process?
- 2 “The career desired and demanded by an individual must be provided by the organization employing him.” Do you agree with this? Give reasons.
- 3 Describe the different methods of performance appraisal and which method in your opinion is the most appropriate. Justify.
- 4 Explain performance appraisal. What are the objectives of performance appraisal? Explain the criteria to be used to measure performance.
- 5 “Performance Appraisal does not stop at appraising the employees; it goes on to managing performance”. Elaborate.
- 6 Describe, in detail, the process of performance appraisal. How do errors creep in performance appraisal?
- 7 “Accurate appraisal of performance is very difficult”. In the light of this statement discuss the problems in performance appraisal.
- 8 What is job evaluation? Describe the process of evaluating a job.
- 9 Explain ‘point method’ of job evaluation? Give its merits and demerits
- 10 What is Ranking Method of Job Evaluation? Give its merits and demerits.
- 11 Explain the importance and characteristics of job evaluation.
- 12 List the various objectives of compensation management. Give the major factors influencing compensation policy.
- 13 Differentiate between wage and salary and examine the role of fringe benefits in motivating the employees.
- 14 What does an organization expect an effective compensation system to do for it? What corresponding types of compensation will meet these objectives?
- 15 What are the elements of compensation? Why the importance of flexible compensation is increasing as contrast to fixed compensation?
- 16 Give two examples of when you would suggest using team or group incentive programs rather than individual incentive programs.
- 17 What are wage surveys? What is the use of wage surveys in fixing compensation for employees in any organization?
- 18 How are job evaluation and compensation management interlinked? What are the different constituents of a compensation plan?

- 19 What do you mean by incentives? How do financial incentives differ from non-financial incentives in motivating employees?
- 20 What do you mean by performance-based compensation? How is it beneficial to both the organization and the employees?
- 21 Describe the social and economic importance of a health and safety programme in a company. Why is the support of top management so vital to the success of this programme?
- 22 Explain the present state of labor management relations in India. What measures would you suggest making it more cooperative?
- 23 What is a registered trade union? Discuss the privileges and liabilities of a registered trade union.
- 24 Discuss the strategy which an organization should adopt in dealing with a trade union. How can an organization become union free?
- 25 What do you mean by grievance procedure? Discuss the steps of model grievance procedure.
- 26 Discuss wage system in India.
- 27 Define and differentiate between minimum wage, fair wage and living wage.
- 28 “Performance appraisal is impartial, systematic evaluation of performance of employee”, Comment.
- 29 Discuss the purpose and factors of performance appraisal.
- 30 Discuss the methods of performance appraisal.

QUESTION BANK

BUSINESS ETHICS & CORPORATE SOCIAL RESPONSIBILTY

B.COM 207

QUESTION BANK
BUSINESS ETHICS & CORPORATE SOCIAL RESPONSIBILITY– B.COM 207
B.COM(H)- III

UNIT – I

I MULTIPLE CHOICE QUESTIONS:

1. Which of these are key principles of the code of ethics?
 - A. Objectivity
 - B. Familiarity
 - C. Professional behavior
 - D. A and CANS: D

2. If you face an ethical dilemma, what should your first step be in resolving the issue?
 - A. Contact the regulators
 - B. Stay quiet
 - C. Check your facts
 - D. None of the aboveANS: C

3. In which of these areas might you face pressures?
 - A. Working with colleagues from different functional areas within the organization
 - B. Meeting reporting deadlines
 - C. Allocating bonuses
 - D. all of the aboveANS: D

4. Which of these are safeguards for upholding high ethical standards?
 - A. Having written orders to do something
 - B. Companies' internal codes, policies and education
 - C. Corporate governance regulations
 - D. b and cANS: D

5. How does CIMA support its members and students?
 - A. Setting standards and disciplinary process
 - B. Making decisions for them
 - C. Offering helplines globally
 - D. a and cANS: D

6. Which principles of 'adequate procedures' should be in place to prevent bribery according to the recent UK Bribery Act?
- A. Top level commitment
 - B. Communication
 - C. Write a document
 - D. a and b
- ANS: D
7. The most influential theory of corporate responsibility of the past century is:
- A. The moral minimum model.
 - B. The classical model.
 - C. The social contract theory.
 - D. The stakeholder theory.
- ANS: B
8. The ethical roots of the classical model of corporate social responsibility are found in which statement:
- A. The idea that the interests of stakeholders are as important as the interests of a corporation's stockholders.
 - B. The free market theory which holds that managers are ethically obliged to take as much money as possible for their stockholders because to do otherwise would undermine the very foundations of our free society.
 - C. The ethical imperative to cause no harm.
 - D. The ethical imperative to prevent harm.
- ANS: B
9. Which of the following reasons might a free market economic theorist use to justify the hostile takeover of a company?
- A. The takeover target company's stock is undervalued. That is evidence that the resources are being inefficiently used.
 - B. If current management is not maximizing profits, it is violating the utilitarian imperative to maximize the overall good.
 - C. The organization seeking to take over the target company will maximize profits for the stockholders and will be serving the public's interests because it is only by satisfying consumer (public) demand that a business can make profits.
 - D. If the takeover target's managers are using their stockholders' money to serve interests other than those of the stockholders, they are stealing from them.
 - E. All of the above.
 - F. None of the above.
- ANS: E
10. Which of the following statements does not represent a market failure, i.e., a situation in which the pursuit of profit will not result in a net increase in consumer satisfaction?
- A. The costs of pollution, groundwater contamination and depletion, soil erosion and nuclear waste disposal are borne by parties external to the economic exchange between buyer and seller.

- B. Where there is no mechanism for pricing, for setting a value on, public goods, there is no guarantee that the markets result in the optimal satisfaction of the public interest in regards to public goods.
- C. Situations in which externalities have been internalized result in an equilibrium in the exchange price between true costs and benefits.
- D. The pursuit of individual self-interest results in a worse outcome than would have occurred had the behavior of the parties involved in the economic exchange been coordinated through cooperation or regulation rather than mere competition.

ANS: C

- 11 Which statement does not support the claim that an unconditioned ethical directive such as the one the classical model of corporate social responsibility demands of business management is inappropriate for utilitarian theory?
- A. Markets can work to prevent harm only by first-hand experience with harms that have to occur before they can be remedied.
 - B. It is claimed that once market failures are adequately addressed by the government, business just needs to obey the law that addressed them. Business, however, has the ability to inappropriately influence government policy and the law.
 - C. Business has the ability to influence consumers' desires by helping shape those desires through advertising.
 - D. A more precise formulation of a utilitarian- based principle would be to maximize profit whenever doing so produces the greatest good for the greatest number, with the proviso that managers must consider the impact a decision will have in many ways other than merely financial.

ANS: D

- 12 According to the private property defense of the classical model of corporate social responsibility, managers who use corporate funds for projects that are not directly devoted to maximizing profits are stealing from their owners. Which statement supports this view?
- A. Property rights are restricted when they conflict with the basic rules of society as embodied in law and custom.
 - B. The connection between ownership and control that exists for personal property does not legally exist for corporate property.
 - C. Investors buy their stocks with the hope of maximizing return on their investment.
 - D. Stockholders in publicly traded corporations are better understood as investors rather than owners.

ANS: C

- 13 Which statement is true of Bowie's Kantian approach to business ethics?
- A. People have a duty both to not cause harm and to prevent harm.
 - B. Both causing no harm and preventing harm override other ethical considerations.
 - C. While it is ethically good for managers to prevent harm or do some good, their duty to stockholders overrides these concerns.

- D. A narrow interpretation of Bowie's "cause no harm" imperative makes the duties faced by management under the neo-classical model significantly different from the classical model.

ANS: C

- 14 Select the reasons, historically speaking, why the modern corporation was established as a legal entity:
- A. Social benefits flow from corporate institutions.
 - B. Corporations provide an efficient means for raising large amounts of capital needed to produce and distribute socially desired goods and services.
 - C. Corporations distribute risks widely over large populations, minimizing the risk to any one individual.
 - D. Corporations provide individuals with efficient means for the creation of wealth and for supplying jobs.
 - E. All of the above.
 - F. None of the above.

ANS: E

- 15 Which statement does not challenge the notion of a hypothetical social contract between society and corporations?
- A. If the social contract presupposes an amoral beginning, it seems to offer few guarantees that certain fundamental ethical rights will be protected under the contract.
 - B. Micro-social contracts can be developed within particular local communities that establish the specific ethical rights and responsibilities within that community as long as they fit within the general limitations of the hypernorms governing any and all social contracts.
 - C. It is difficult to specify exactly what responsibilities will be drawn from this hypothetical contract.
 - D. If the theory already begins with certain fundamental rights and responsibilities, then the social contract may be irrelevant to providing an ethical justification for business' responsibilities.

ANS: B

- 16 Which statement represents a challenge to Evan's and Freedman's defense of the stockholder theory against the classical model of corporate social responsibility?
- A. The law now recognizes a wide range of managerial obligations to such stakeholders as consumers, employees, competitors, the environment, the disabled.
 - B. Courts and legislatures have recognized that the rights and interests of various constituencies affected by corporate decisions limit managers' fiduciary responsibility.
 - C. Stakeholder theory cannot ANSWER the question as to how, exactly, a manager should go about balancing the diverse and competing claims of all parties.
 - D. There is no guarantee that when managers produce profits they will serve the interests of either stockholders or the public.

ANS: C

17. Which statement correctly reflects the free market view of business social responsibility?
- A. In addition to making a profit, businesses are just as responsible for seeing to the well-being of their employees and the communities in which they operate
 - B. No one other than the managers and owners of a business may claim to have any stake in the business decisions managers make.
 - C. In the process of providing goods and services to customer who need and want them and maximizing profits for its shareowners, a business fulfills its social responsibility
 - D. A business is responsible for maximizing profits for its shareowners, but, in special circumstances, may have to sacrifice profits in the interest of the community whose citizens depend on it for employment.

ANS: C

18. Which of the following statements is decisive in determining whether or not to study business ethics?
- A. Business managers don't need to study ethics in order to know how to treat employees, shareowners, and customers.
 - B. Business and ethics simply don't mix. In the final analysis, self-interest represented by profit overrides the interests of employees, customers, and communities. Opinion and sentiment get in the way of efficient business decision-making.
 - C. Ethical concerns are as unavoidable in business as are concerns of marketing, accounting, finance, and human resources. Formal study of business ethics helps address these concerns so that decisions of right and wrong may be made deliberately and conscientiously
 - D. The ANSWERS to ethical questions are clear-cut enough; all business people already know right from wrong.

ANS: C

19. Which statement correctly describes the relationship between philosophical ethics and ethos?
- A. Individuals who obey the conventions, mores, and rules of their cultures are already acting ethically. No further philosophical reflection is required.
 - B. Philosophical ethics distinguishes what people do value from what they should value.
 - C. What people do value and should value are, for all practical purposes, the same.
 - D. Philosophical ethics is too abstract to be useful in everyday life situations. Following the mores and customs of one's culture is a more dependable way to make moral decisions.

ANS: B

20. Which statement does not reflect the idea of ethical relativism:
- A. All opinions are equal; no one can say what is ethically right or wrong.
 - B. One's culture, society, or personal feelings are the only criteria for deciding what is ethically right or wrong.
 - C. Determining what is ethically right or wrong is a process of arguing from an appeal to values and principles that justify and legitimize an opinion.

D. Philosophical ethics is simply a process of clarifying values, not a process of justifying them.

ANS: C

21. Which of the following intellectual disciplines provides absolute proof of its conclusions?

- A. The social, biological, meteorological, and medical sciences.
- B. Ethical judgments based on well-reasoned arguments from sound moral principles.
- C. The applied sides of engineering, chemistry, and physics.
- D. All of the above.
- E. None of the above.

ANS: E

22. Which statement is a correct view of psychological egoism?

- A. While our own interests are important, they make sometimes have to give way to the interests of others.
- B. Psychological egoism makes claims about how people should act.
- C. If psychological egoism is true, we should abandon ethics.
- D. Psychological egoism does not claim to provide an accurate descriptive account of human behavior.

ANS: C

23. Identify the statement that is consistent with utilitarian ethical theory:

- A. Adhering to a set of principles may well forbid an act that would otherwise provide overall net good consequences.
- B. No act is ever morally right or wrong in all cases, in every situation. It will all depend on the act's consequences.
- C. Some actions like murder, theft, rape, and lying are wrong of their very nature, the kind of acts they are. No amount of net good consequences could ever justify them.
- D. The end never justifies the means.

ANS: B

24. Which statements are legitimate challenges to utilitarian ethical theory?

- A. The end may justify the means.
- B. There is no consensus among utilitarians on how to measure and determine the overall good.
- C. It is difficult to know how to consider the consequences for all the parties that will be affected by an act.
- D. It is difficult for the utilitarian to find a balance between individual freedom and the overall good. The more utilitarians emphasize freedom the more likely they hold more relativistic accounts of the good.
- E. All of the above.
- F. None of the above.

ANS: E

25. Which of the following reasons accounts for utilitarianism's dominance among policy makers and administrators?

- A. It seems obvious that policy questions should be judged by results and consequences.
- B. Policy experts at all levels are focused on results and getting things done.
- C. Efficiency is simply another word for maximizing happiness.
- D. Policy experts focus on the collective or aggregate good.
- E. All of the above.
- F. None of the above.

ANS: E

26. Which statements are characteristic of virtue ethics?

- A. Our character traits are easily modified, almost on a day-to-day basis if we so choose.
- B. Like Kantian ethical theory, virtue ethics requires that we disregard personal emotions and feelings.
- C. Virtue ethics is about describing people as good or bad.
- D. Even if a person is caring, empathetic, charitable and sympathetic, the challenge of egoism is still a factor in his or her decision-making.
- E. All of the above.
- F. None of the above.

ANS: F

27. Which of the following statements best describes ethics?

- A. Ethics considers how someone chooses among alternative courses of action.
- B. Ethics is about values and principles.
- C. Ethics is concerned with how a person chooses between right and wrong.
- D. Each of the above covers part of the definition.
- E. None of the above is true.

ANS: D

28. Which one of the following is not a feature of moral standard?

- A. Prohibit
- B. Value
- C. Condemn
- D. All the above

ANS: D

29. The main purpose of business ethics is to understand

- A. Ethical uncertainties
- B. Principles and concepts
- C. Application of practices
- D. All of the above

ANS: D

30. Ethical universalism is defined as
- A. there being no universal set of ethical standards
 - B. giving preference to one's own ethical values
 - C. a set of universally accepted and valid ethical standards
 - D. what is right is synonymous with what is legal
 - E. moderation in all things
- ANS: D
31. The primary stakeholders are:
- A. Customers.
 - B. Suppliers.
 - C. Shareholders.
 - D. Creditors.
- ANS: C
32. The goal of corporate governance and business ethics education is to:
- A. Teach students their professional accountability and to uphold their personal Integrity to society.
 - B. Change the way in which ethics is taught to students.
 - C. Create more ethics standards by which corporate professionals must operate.
 - D. Increase the workload for accounting students.
- ANS: C
33. An organization's appropriate tone at the top promoting ethical conduct is an example of:
- A. Ethics sensitivity.
 - B. Ethics incentives.
 - C. Ethical behavior.
 - D. Consequentialist
- ANS: C
34. An independent director is one who:
- A. Did not attend a school supported by the company.
 - B. Does not have outside relationships with other directors.
 - C. Does not have any other relationships with the company other than his or her directorship.
 - D. All of the above.
- ANS: C
35. The corporate governance structure of a company reflects the individual companies':
- A. Cultural and economic system.
 - B. Legal and business system.
 - C. Social and regulatory system.
 - D. All of the above.
- ANS: D

36. Business ethics deals primarily with
- A. Social responsibility.
 - B. the pricing of products and services.
 - C. moral obligation.
 - D. being unfair to the competition
- ANS: C
37. Ethics are important because
- A. suppliers prefer to deal with ethical companies.
 - B. customers prefer to deal with ethical companies.
 - C. employees prefer to deal with ethical companies.
 - D. all of the choices.
- ANS: D
38. Benefits derived from social responsibility include;
- A. enhanced organizational efficiency
 - B. producing better products
 - C. attracting people who want to work for the firm
 - D. both A & C
- ANS: D
39. Unethical behavior is often triggered by
- A. pressure from higher management to achieve goals.
 - B. an organizational atmosphere that condones such behavior.
 - C. both a & b
 - D. a system of checks and balances
- ANS: C
40. Building a sustainable environment includes
- A. developing a green supply chain
 - B. omitting hazardous emissions
 - C. both a & b
 - D. writing a code of ethics
- ANS: C

II SHORT ANSWER TYPE QUESTIONS:

1. What is value? What are the major sources of values?
2. Discuss the basic similarities & differences between values & attitudes.
3. What values should a business organization is concerned with?
4. What do you understand by virtue ethics? Explain.
5. Why do ethical decisions sometimes differ?
6. What do you mean by teleological theory? Analyze its various ramifications.
7. Discuss the salient features of Gandhian theory of justice.
8. Why does a good man sometimes do ethically bad work? Comment.
9. Can ethics be taught? Explain.

10. What is more important, ethics or law? Give reasons.
11. What is Indian Ethos? Explain the principles and characteristics of Indian Ethos.
12. Write a note on Leadership qualities with special reference to Indian thoughts.
13. What are the basic detriments of ethical decision making in business?
14. Explain critically the four popular modes of business decision making.
15. Decision making depends on the corporate culture & ethical base or intensity. Give reasons in support of your ANS:
16. Discuss the need for business ethics in changing economic environment.
17. Discuss the spiritual philosophy of Bhagvad Gita supporting modern organizational growth
18. The resolution of conflict should be amicably through nonviolence', do you agree or disagree with the statement?
19. Does Advaita Vedanta have some relevance in modern business organizations?
20. Differentiate the Kantian Deonticism & the Karma Yoga of the Gita.
21. What is an ethical dilemma? Analyze its basic causes.
22. Do business people have any social responsibility? Explain your view.
23. Explain the views of Adam Smith & Milton Friedman on social responsibility of business.
24. How do you propose to solve ethical dilemmas in business?
25. Why is business world full of unethical practices? Explain your views.
26. Discuss the basic similarities & differences between values & attitudes.
27. What values should a business organization is concerned with?
28. What do you understand by virtue ethics? Explain.
29. Why do ethical decisions sometimes differ?
30. Discuss the need for business ethics in changing economic environment.
31. Write a short note on ethical decision making.
32. Name the factors that affect the formation of values.
33. What is the relevance of ethics in business?
34. What is the relevance of values in business?
35. Enumerate some of the values that Indian managers have?

III LONG ANSWER TYPE QUESTIONS:

1. A business organization depends on certain cherished values, but there are many possibilities of value conflicts, Comment
2. Compare & contrast ideas of justice under capitalism and socialism.
3. Value-Based Management is an ethical framework for succeeding in business. Explain the statement.
4. How can organizational productivity be increased with value-driven Indian management?
5. Explain the distinctive characteristic or principles of Indian ethos and explain how they are important to professional manager?
6. "To be successful, a professional manager should have the pace of west and grace of east. Explain with comparative study of value system
7. Change in demographic & social environment requires management of issues related to stakeholders. Do you agree?

8. Unethical business practices in the use of technology have made it mandatory to observe business ethics now -a -days. Explain.
9. Gandhi advocated the control of desire for the meta needs & bringing down the scale of wants to the ethical minima. Discuss
10. Identify some problems associated with free market theory of corporate responsibility for consumers.
11. Where does the liability of a company end the responsibility of a consumer begin for a product? Explain.
12. "An ideal polity with spiritualization of politics is the gist Vaishnavism". Comment.
13. Do you believe the environment is in trouble from climate change and global warming or do you believe this is all a hype made up by the press and scientists? Explain.
14. What are advertisements and where do they appear. Do you find them unethical but legal at some times? Explain.
15. Identify a recent example of a corporation accused of false or deceitful advertising. How did it justify the claims made in its advertisement? Do you agree or disagree with the claims? Explain.
16. How are values formed? What are the different categories of values?
17. "CSR activities are supposed to be voluntary, after all the business of business is to generate profits." Do you agree? Justify your ANSWER by referring to the social contract theory of business ethics.
18. "Corporate Social Responsibility is about giving back to society." In view of the statement, explain the concept of CSR and current CSR practices of the firms in India.
19. What do ethical concerns mean for any kind of an organization?
20. What steps to organizations take to ensure meeting of ethical standards in modern day concepts?
21. Do you agree with the statement that "CSR activities are voluntary activities?" support your answer with valid examples.
22. What steps can organizations take to implement business ethics?
23. Explain in detail the various theories of ethics.
24. Identify some problems associated with free market theory of corporate responsibility for consumers.
25. Explain ethos of Vedanta in management.
26. A business organization depends on certain cherished values, but there are many possibilities of value conflicts, Comment
27. How can organizational productivity be increased with value-driven Indian management?
28. Explain the distinctive characteristic or principles of Indian ethos and explain how they are important to professional manager?
29. Unethical business practices in the use of technology have made it mandatory to observe business ethics now -a -days. Explain.
30. The resolution of conflict should be amicably through nonviolence', do you agree or disagree with the statement?
31. What are the various ethical issues faced by a firm in marketing department?
32. What are the various ethical issues faced by a firm in the HR department?
33. What are the various ethical issues faced by a firm in the production department?
34. Explain the ethos of Vedanta in Management.
35. Explain how ethics can be incorporated in the management process.

UNIT – II

I MULTIPLE CHOICE QUESTIONS

1. Which of the following statements is true
 - A. In small quantities, stress is good
 - B. Too much stress is harmful
 - C. All stress is bad
 - D. Only 'A' & 'B' are rightANS: D

2. Stress management is about learning
 - A. How to avoid the pressures of life
 - B. How to develop skills that would enhance our body's adjustment when we are subjected to the pressures of life
 - C. Both 'A' & 'B' are true
 - D. None of the aboveANS: B

3. Which of the following statements is true about stress management
 - A. Stress management is learning about the connection between mind and body
 - B. Stress management helps us control our health in a positive sense
 - C. Stress management teaches us to avoid all kinds of stress
 - D. Only 'A' & 'B' are rightANS: D

4. Which of the following are the basic sources of stress
 - A. The Environment
 - B. Social Stressors
 - C. Physiological
 - D. Thoughts
 - E. All of the aboveANS: E

5. Examples of environmental stressors are
 - A. Weather
 - B. Traffic
 - C. Financial problems
 - D. Substandard housing
 - E. Only 'A', 'B' & 'D' are rightANS: E

6. Examples of social stressors are
- A. Financial problems
 - B. Divorce
 - C. Loss of a loved one
 - D. Job interviews
 - E. All of the above
- ANS: E
7. Examples of physiological stressors are
- A. Menopause
 - B. Giving birth
 - C. Sleep disturbances
 - D. 'A', 'B', & 'C' are true
- ANS: D
8. The following are the characteristics of Positive Stress
- A. It improves performance
 - B. It feels exciting
 - C. It motivates
 - D. All of the above
- ANS: D
9. The following are the characteristics of Negative Stress
- A. It causes anxiety
 - B. It feels unpleasant
 - C. It decreases performance
 - D. All of the above
- ANS: D
10. Which of the following statements is true
- A. Positive stress is short-term
 - B. Negative stress can be short or long-term
 - C. Negative stress can lead to mental as well as physical problems
 - D. Negative stress is perceived within our coping abilities
- ANS: D
11. The following are the examples of negative stressors
- A. Unemployment
 - B. Legal problems
 - C. Divorce
 - D. All of the above
- ANS: D
12. The following are the examples of positive stressors
- A. New job
 - B. Having a child

- C. Buying a home
- D. All of the above

ANS: D

13. Which of the following statements is true
- A. Habitual behavior patterns like over scheduling, procrastination, etc. Can cause negative stress
 - B. Thoughts like fear, worrying about future etc. can cause negative stress
 - C. Both 'A' & 'B' are true
 - D. None of the above

ANS: C

14. Which of the following are the physical symptoms of anxiety
- A. Racing heart
 - B. Sweaty palms
 - C. Flushed cheeks
 - D. All of the above

ANS: D

15. What are the behavioral reactions to anxiety
- A. Avoiding situation where there are chances of experiencing anxiety
 - B. Escaping situations when feelings of anxiety begin
 - C. Both 'A' and 'B' are true
 - D. None of the above

ANS: C

16. Anxiety can cause the following moods
- A. Irritable
 - B. Nervous
 - C. Panicky
 - D. Anxious
 - E. All of the above

ANS: E

17. What thoughts come to the mind when you're under negative stress
- A. You think that you can cope with the situation
 - B. You think that you cannot cope with the situation
 - C. You think that everything will get fine eventually
 - D. You think that you will get hep immediately

ANS: B

18. The symptoms of stress can be divided in to the following categories
- A. Cognitive
 - B. Emotional
 - C. Physical
 - D. All of the above

ANS: D

19. Which of the following statements is true
- A. Moodiness is a cognitive symptom of stress
 - B. Moodiness is an emotional symptom of stress
 - C. Poor judgement is an emotional symptom of stress
 - D. Agitation is cognitive symptom of stress

ANS: B

20. The following are true about the behavioral symptoms of stress
- A. The subject's starts eating more or less
 - B. The subject starts sleeping more or less
 - C. The subject isolates himself/herself from others
 - D. All of the above

ANS: D

21. Aches, shallow breathing and sweating, frequent colds are
- A. Physical symptoms of stress
 - B. Behavioral symptoms of stress
 - C. Emotional symptoms of stress
 - D. Cognitive symptoms of stress

ANS: A

22. The following are true about the effects of stress
- A. Hair loss and baldness
 - B. Spasmodic pains in the neck and shoulders
 - C. Hypertension
 - D. All of the above

ANS: D

23. What are the questions you need to ask yourself while you are assessing yourself for stress
- A. Where do you feel stress in your body
 - B. How do you know when you are stress
 - C. How do you react to stress
 - D. All of the above

ANS: D

24. Who was the first to describe the "fight or flight response"
- A. Walter B. Cannon
 - B. Sigmund Freud
 - C. Atkinson Potter
 - D. Mrunal Sengupta

ANS: A

25. Which of the following are true in relation to Relaxation Response
- A. It is a physical state of deep rest

- B. Eliciting this reduces your metabolism
 - C. Eliciting this reduces your blood pressure
 - D. All of the above
- ANS: D
26. Carroll's model of social responsibility includes the social responsibilities categories of _____, _____, and _____ plus those at the discretion of the firm.
- A. consumerism; discrimination; environment
 - B. ethical responsibilities; discrimination; legal responsibilities
 - C. ethical responsibilities; legal responsibilities; economic responsibilities
 - D. occupational safety; legal responsibilities; economic responsibilities
- ANS: C
27. If you believe in making decisions for the good of most people, you can be described as following which school of thought?
- A. Utilitarianism
 - B. Teleology
 - C. Deontology
 - D. Egoism
- ANS: A
28. Malcolm Baldrige national quality award is for (MBNQA)
- A. Total Quality Management
 - B. International Standard Organization
 - C. Total Productive Maintenance
 - D. Total Quality Control
- ANS: A
29. Total Quality Management (TQM) focuses on
- A. Employee
 - B. Customer
 - C. Both (a) and (b)
 - D. None of the above
- ANS: C
30. TQM & ISO both focuses on
- A. Customer
 - B. Employee
 - C. Supplier
 - D. All of the above
- ANS: A
31. Karma yoga is-
- A. concentrate fully and completely on each duty.
 - B. a preliminary to the use of japam.

- C. the way of knowledge.
- D. the way of psychological experiment.

ANS: A

32. Jnana yoga
- A. the personality of the gods are important.
 - B. the way of knowledge through scriptures.
 - C. what Christians mean by "soul."
 - D. concentrate fully and completely on each duty.

ANS: B

33. The total number of Vedas is _____.

- A. One
- B. Two
- C. Three
- D. Four

ANS: D

34. Philosophy is originally a _____ word.

- A. English
- B. Latin
- C. Greek
- D. Spanish

ANS: C

35. The portion of Vedas that deals with rituals is known as _____.

- A. Mantras
- B. Brahmanas
- C. Aranyakas
- D. Upanishads

ANS: A

36. Which one of the following is not recommended as a method for a company to protect itself against sexual harassment charges?

- A. Develop a zero-tolerance policy on harassment and communicate it to employees.
- B. Retaliate swiftly against employees who bring forth charges of harassment.
- C. Give swift and sure punishment to harassers.
- D. Train managers at all levels on sexual harassment issues.

ANS: B

37. Marvin has his own Website that carries ads for a dozen retailers. At night, Marvin spends hours clicking on these sites so he can collect commissions from the advertisers. Marvin is engaged in the scandal referred to as

- A. click fraud.
- B. work-at-home scam.
- C. cyber squatting

D. backdating Websites

ANS: A

38 The ethical dilemma of choosing between two rights refers to

A. choosing between the lesser of two evils.

B. deciding which of two employee rights is the most important.

C. deciding to offer a bribe or lose out on an important opportunity.

D. choosing between the two types of sexual harassment.

ANS: A

39 A whistle blower is an employee who

A. exposes organizational wrongdoing.

B. complains a lot to company management.

C. engages in unethical behavior.

D. refers disputes with other employees.

ANS: A

II SHORT ANSWER TYPE QUESTIONS:

1. Explain how organizational excellence can be achieved through human values?

2. What do you understand by 'White Collar Crimes'?

3. Deceptive pricing, unnecessary repairs & credit card fraud are different from 'crimes of the street', discuss.

4. Write short notes on:

a. Spiritual Values

b. Principles of Environmental Ethics

5. Is it possible to identify the stakeholders in an organization? How? Give examples.

6. What is the meaning of knowledge and wisdom?

7. What is the difference between Knowledge and Wisdom?

8. What is the Knowledge Worker versus Wisdom Worker?

9. What is knowledge management.

10. What is wisdom management?

11. What is stress management?

12. What is the meaning of wisdom-based management?

13. What are the sources of stress?

14. What are the consequences of stress?

15. What is detached involvement?

16. What is karma?

17. What are the kinds of karma yoga?

18. What is nishkama karma?

19. What is sakam karma?

20. What is total quality management?

21. What is quality of life?

22. What is quality of work life?

23. What how nishkama karma different from sakam karma?

24. What is the difference between stress management and wisdom management?
25. How can stress be managed?
26. Discuss the spiritual philosophy of Bhagvad Gita supporting modern organizational growth
27. The resolution of conflict should be amicably through nonviolence', do you agree or disagree with the statement?
28. Does Advaita Vedanta have some relevance in modern business organizations?
29. Differentiate the Kantian Deonticism & the Karma Yoga of the Gita.
30. Discuss the salient features of Gandhian theory of justice.
31. From where has the concept of nishkama karma been taken?
32. Give four means of managing stress in professional life.
33. How can quality of work life be enhanced at work place?
34. Enumerate the teachings of Gita that can be applied to management practices.
35. How can detached involvement act as one of the ways of managing stress?

III LONG ANSWER TYPE QUESTIONS:

1. Value-Based Management is an ethical framework for succeeding in business. Explain the statement.
2. Gandhi advocated the control of desire for the meta needs & bringing down the scale of wants to the ethical minima. Discuss
3. Explain the concept of values along with its types.
4. What is the relevance of ethics and values in business organizations?
5. What are the various ethical issues in an organization? Explain by throwing light on the current ethical issues being faced by some of the big organizations of India.
6. What is the meaning of knowledge and wisdom? What is the difference between Knowledge and Wisdom?
7. Explain in detail nishkama karma and sakam karma?
8. What is karma? Explain in detail the kinds of karma yoga.
9. Explain in detail Total Quality Management, quality of life and quality of work life.
10. Explain the Meaning of stress management, its Sources and Consequences. Support your answer by giving real life examples.
11. Who are knowledge workers and wisdom workers? Clearly explain the difference between the two.
12. What steps to organizations take to ensure meeting of ethical standards in modern day concepts?
13. Do you agree with the statement that "CSR activities are voluntary activities?" support your ANSWER with valid examples.
14. Do the current managers of India believe in the concept of nishkama karma and sakam karma?
15. What is the relevance of stress management in today's time? Do modern managers believe in relieving their employees of the stress? Explain in detail
16. What is detached involvement? How it helps an employee in succeeding in his career?
17. From where did the idea of karma come? How relevant it is in today's time? Explain by giving light to the concepts of nishkama and sakam karma.
18. Give real life examples of knowledge workers and wisdom workers. What is the difference in their approach of solving problems in the organization?

19. How knowledge is different form wisdom? Which one is appropriate for the manager? How modern-day managers approach knowledge and wisdom of employees?
20. Explain wisdom-based management. How modern-day CEO's approach Wisdom of their employees.
21. Explain the deontological theories of ethics in detail.
22. Explain the utilitarian theories of ethics in detail.
23. What is the difference between deontological theories and utilitarian theories in ethics?
24. Explain the concept of stress management, wisdom management and knowledge management? How they are related to each other?
25. How knowledge and wisdom are inter-related to each other? How stress is managed by people who have knowledge and wisdom? Give modern day examples to support your ANS:
26. "An ideal polity with spiritualization of politics is the gist Vaishnavism". Comment
27. Do you believe the environment is in trouble from climate change and global warming or do you believe this is all a hype made up by the press and scientists? Explain.
28. Explain in detail the value oriented holistic management concept.
29. What is Total Quality Management? Explain its principles.
30. Does Advaita Vedanta have some relevance in modern business organizations?
31. Discuss the success story of business gurus by taking suitable examples from the corporate world.
32. How can the concept of wisdom management be applied to various business practices?
33. Explain the various aspects of Total Quality Management, Quality of life and Quality of work life.
34. How can a manager differentiate between a knowledge worker and a wisdom worker? Support your answer with suitable example.
35. How can the teachings from Gita, Mahabharata, Ramayana and Vedas be applied to business practices? Support your answer with suitable examples.

UNIT – III

I MULTIPLE CHOICE QUESTIONS:

1. Which of these are key principles of the code of ethics?
 - A. Objectivity
 - B. Familiarity
 - C. Professional behavior
 - D. a and c
 ANS: D
2. If you face an ethical dilemma, what should your first step be in resolving the issue?
 - A. Contact the regulators
 - B. Stay quiet
 - C. Check your facts
 - D. none of the above
 ANS: C

3. In which of these areas might you face pressures?
- A. Working with colleagues from different functional areas within the organization
 - B. Meeting reporting deadlines
 - C. Allocating bonuses
 - D. All of the above

ANS: D

4. Which of these are safeguards for upholding high ethical standards?
- A. Having written orders to do something
 - B. Companies' internal codes, policies and education
 - C. Corporate governance regulations
 - D. B and C

ANS: D

5. How does CIMA support its members and students?
- A. Setting standards and disciplinary process
 - B. Making decisions for them
 - C. Offering helplines globally
 - D. A and C

ANS: D

6. Which principles of 'adequate procedures' should be in place to prevent bribery according to the recent UK Bribery Act?
- A. Top level commitment
 - B. Communication
 - C. Write a document
 - D. A and B

ANS: D

7. The most influential theory of corporate responsibility of the past century is:
- A. The moral minimum model.
 - B. The classical model.
 - C. The social contract theory.
 - D. The stakeholder theory.

ANS: B

8. The ethical roots of the classical model of corporate social responsibility are found in which statement:
- A. The idea that the interests of stakeholders are as important as the interests of a corporation's stockholders.
 - B. The free market theory which holds that managers are ethically obliged to take as much money as possible for their stockholders because to do otherwise would undermine the very foundations of our free society.
 - C. The ethical imperative to cause no harm.

D. The ethical imperative to prevent harm.

ANS: B

- 9 Which of the following reasons might a free market economic theorist use to justify the hostile takeover of a company?
- A. The takeover target company's stock is undervalued. That is evidence that the resources are being inefficiently used.
 - B. If current management is not maximizing profits, it is violating the utilitarian imperative to maximize the overall good.
 - C. The organization seeking to take over the target company will maximize profits for the stockholders and will be serving the public's interests because it is only by satisfying consumer (public) demand that a business can make profits.
 - D. If the takeover target's managers are using their stockholders' money to serve interests other than those of the stockholders, they are stealing from them.
 - E. All of the above.
 - F. None of the above.

ANS: E

- 10 Which of the following statements does not represent a market failure, i.e., a situation in which the pursuit of profit will not result in a net increase in consumer satisfaction?
- A. The costs of pollution, groundwater contamination and depletion, soil erosion and nuclear waste disposal are borne by parties external to the economic exchange between buyer and seller.
 - B. Where there is no mechanism for pricing, for setting a value on, public goods, there is no guarantee that the markets result in the optimal satisfaction of the public interest in regard to public goods.
 - C. Situations in which externalities have been internalized result in an equilibrium in the exchange price between true costs and benefits.
 - D. The pursuit of individual self-interest results in a worse outcome than would have occurred had the behavior of the parties involved in the economic exchange been coordinated through cooperation or regulation rather than mere competition.

ANS: C

- 11 Which statement does not support the claim that an unconditioned ethical directive such as the one the classical model of corporate social responsibility demands of business management is inappropriate for utilitarian theory?
- A. Markets can work to prevent harm only by first-hand experience with harms that have to occur before they can be remedied.
 - B. It is claimed that once market failures are adequately addressed by the government, business just needs to obey the law that addressed them. Business, however, has the ability to inappropriately influence government policy and the law.
 - C. Business has the ability to influence consumers' desires by helping shape those desires through advertising.
 - D. A more precise formulation of a utilitarian- based principle would be to maximize profit whenever doing so produces the greatest good for the greatest number, with

the proviso that managers must consider the impact a decision will have in many ways other than merely financial.

ANS: D

- 12 According to the private property defense of the classical model of corporate social responsibility, managers who use corporate funds for projects that are not directly devoted to maximizing profits are stealing from their owners. Which statement supports this view?
- A. Property rights are restricted when they conflict with the basic rules of society as embodied in law and custom.
 - B. The connection between ownership and control that exists for personal property does not legally exist for corporate property.
 - C. Investors buy their stocks with the hope of maximizing return on their investment.
 - D. Stockholders in publicly traded corporations are better understood as investors rather than owners.

ANS: C

- 13 Which statement is true of Bowie's Kantian approach to business ethics?
- A. People have a duty both to not cause harm and to prevent harm.
 - B. Both causing no harm and preventing harm override other ethical considerations.
 - C. While it is ethically good for managers to prevent harm or do some good, their duty to stockholders overrides these concerns.
 - D. A narrow interpretation of Bowie's "cause no harm" imperative makes the duties faced by management under the neo-classical model significantly different from the classical model.

ANS: C

- 14 Select the reasons, historically speaking, why the modern corporation was established as a legal entity:
- A. Social benefits flow from corporate institutions.
 - B. Corporations provide an efficient means for raising large amounts of capital needed to produce and distribute socially desired goods and services.
 - C. Corporations distribute risks widely over large populations, minimizing the risk to any one individual.
 - D. Corporations provide individuals with efficient means for the creation of wealth and for supplying jobs.
 - E. All of the above.
 - F. None of the above.

ANS: E

- 15 Which statement does not challenge the notion of a hypothetical social contract between society and corporations?
- A. If the social contract presupposes an amoral beginning, it seems to offer few guarantees that certain fundamental ethical rights will be protected under the contract.

- B. Micro-social contracts can be developed within particular local communities that establish the specific ethical rights and responsibilities within that community as long as they fit within the general limitations of the hyper norms governing any and all social contracts.
- C. It is difficult to specify exactly what responsibilities will be drawn from this hypothetical contract.
- D. If the theory already begins with certain fundamental rights and responsibilities, then the social contract may be irrelevant to providing an ethical justification for business' responsibilities.

ANS: B

- 16 Which statement represents a challenge to Evan's and Freedman's defense of the stockholder theory against the classical model of corporate social responsibility?
- A. The law now recognizes a wide range of managerial obligations to such stakeholders as consumers, employees, competitors, the environment, the disabled.
 - B. Courts and legislatures have recognized that the rights and interests of various constituencies affected by corporate decisions limit managers' fiduciary responsibility.
 - C. Stakeholder theory cannot ANSWER the question as to how, exactly, a manager should go about balancing the diverse and competing claims of all parties.
 - D. There is no guarantee that when managers produce profits, they will serve the interests of either stockholders or the public.

ANS: C

17. Which statement correctly reflects the free market view of business social responsibility?
- A. In addition to making a profit, businesses are just as responsible for seeing to the well-being of their employees and the communities in which they operate
 - B. No one other than the managers and owners of a business may claim to have any stake in the business decisions managers make.
 - C. In the process of providing goods and services to customer who need and want them and maximizing profits for its shareowners, a business fulfills its social responsibility
 - D. A business is responsible for maximizing profits for its shareowners, but, in special circumstances, may have to sacrifice profits in the interest of the community whose citizens depend on it for employment.

ANS: C

- 18 Which of the following statements is decisive in determining whether or not to study business ethics?
- A. Business managers don't need to study ethics in order to know how to treat employees, shareowners, and customers.
 - B. Business and ethics simply don't mix. In the final analysis, self-interest represented by profit overrides the interests of employees, customers, and communities. Opinion and sentiment get in the way of efficient business decision-making.
 - C. Ethical concerns are as unavoidable in business as are concerns of marketing, accounting, finance, and human resources. Formal study of business ethics helps

address these concerns so that decisions of right and wrong may be made deliberately, and conscientiously

- D. The answers to ethical questions are clear-cut enough; all business people already know right from wrong.

ANS: C

19. Which statement correctly describes the relationship between philosophical ethics and ethos?

- A. Individuals who obey the conventions, mores, and rules of their cultures are already acting ethically. No further philosophical reflection is required.
B. Philosophical ethics distinguishes what people do value from what they should value.
C. What people do value and should value are, for all practical purposes, the same.
D. Philosophical ethics is too abstract to be useful in everyday life situations. Following the mores and customs of one's culture is a more dependable way to make moral decisions.

ANS: B

20. Which statement does not reflect the idea of ethical relativism:

- A. All opinions are equal; no one can say what is ethically right or wrong.
B. One's culture, society, or personal feelings are the only criteria for deciding what is ethically right or wrong.
C. Determining what is ethically right or wrong is a process of arguing from an appeal to values and principles that justify and legitimize an opinion.
D. Philosophical ethics is simply a process of clarifying values, not a process of justifying them.

ANS: C

21. Which of the following intellectual disciplines provides absolute proof of its conclusions?

- A. The social, biological, meteorological, and medical sciences.
B. Ethical judgments based on well-reasoned arguments from sound moral principles.
C. The applied sides of engineering, chemistry, and physics.
D. All of the above.
E. None of the above.

ANS: E

22. Which statement is a correct view of psychological egoism?

- A. While our own interests are important, they make sometimes have to give way to the interests of others.
B. Psychological egoism makes claims about how people should act.
C. If psychological egoism is true, we should abandon ethics.
D. Psychological egoism does not claim to provide an accurate descriptive account of human behavior.

ANS: C

23. Identify the statement that is consistent with utilitarian ethical theory:
- A. Adhering to a set of principles may well forbid an act that would otherwise provide overall net good consequences.
 - B. No act is ever morally right or wrong in all cases, in every situation. It will all depend on the act's consequences.
 - C. Some actions like murder, theft, rape, and lying are wrong of their very nature, the kind of acts they are. No amount of net good consequences could ever justify them.
 - D. The end never justifies the means.
- ANS: B
24. Which statements are legitimate challenges to utilitarian ethical theory?
- A. The end may justify the means.
 - B. There is no consensus among utilitarians on how to measure and determine the overall good.
 - C. It is difficult to know how to consider the consequences for all the parties that will be affected by an act.
 - D. It is difficult for the utilitarian to find a balance between individual freedom and the overall good. The more utilitarians emphasize freedom the more likely they hold more relativistic accounts of the good.
 - E. All of the above.
 - F. None of the above.
- ANS: E
25. Which of the following reasons accounts for utilitarianism's dominance among policy makers and administrators?
- A. It seems obvious that policy questions should be judged by results and consequences.
 - B. Policy experts at all levels are focused on results and getting things done.
 - C. Efficiency is simply another word for maximizing happiness.
 - D. Policy experts focus on the collective or aggregate good.
 - E. All of the above.
 - F. None of the above.
- ANS: E
26. How can you describe the thinking and outlook of transformational leaders?
- A. Strategic
 - B. Operational
 - C. Functional
 - D. Developmental
- ANS: D
27. The biggest challenge in planning for change is:
- A. Who will be affected by the change?
 - B. Anticipating its unintended, unexpected outcomes
 - C. Deciding who should implement the change
 - D. Communicating why the change is needed

ANS: B

28. What does situational theory of leadership emphasis

- A. Personal Traits
- B. Events
- C. Environment
- D. Political Situation

ANS: B

29. What are the key characteristics of transactional leaders?

- A. Guiding, mentoring and motivating
- B. Guiding, commanding and motivating
- C. Guiding, demonstrating and motivating
- D. Guiding, mentoring and demonstrating

ANS: C

30. Strategic planning in service organizations is all about:

- A. Where the organization is heading
- B. Where the organization should be heading.
- C. How the organization needs to change in order to be more effective
- D. What the organization intends to accomplish for the community

ANS: C

31. The organization will never be able to make the necessary changes without

- A. Top management commitment
- B. Employees
- C. Workers
- D. None of the mentioned

ANS: A

32. Locus of control is

- A. A feeling
- B. Attitude
- C. Attribute
- D. None of the above

ANS: C

33. Personal characteristics to be a successful entrepreneur includes

- A. Understanding environment
- B. Creating management options
- C. Encourage open discussion
- D. All of the above

ANS: D

34. A set of reasons for engaging in a particular behavior, especially human behavior is known as;
- A. Values
 - B. Vision
 - C. Entrepreneurship
 - D. Motivation
- ANS: D
35. "It all depends on the variables of a situation" best describes the
- A. Classical approach
 - B. Human relations approach
 - C. Systems approach
 - D. Contingency approach
- ANS: D
36. "We wish to be good citizens of every community in which we operate." This is
- A. Ethical Code
 - B. Political and Social Code
 - C. Legal Rule
 - D. Legal Act
- ANS: A
37. If you believe in making decisions for the good of most people, you can be described as following which school of thought?
- A. Utilitarianism
 - B. Teleology
 - C. Deontology
 - D. Egoism
- ANS: A
38. Which statement is/are true?
- A. Ethics is not synonymous to religious morality or moral theology
 - B. Ethics is the principle that guide the human behaviour
 - C. The terms 'ethics' and 'morality' are not synonymous terms
 - D. All of the above
- ANS: D
39. Corporate social responsibility that extends beyond legal mandates can help meet societal expectations in the absence of
- A. Statutory devices
 - B. Social tool
 - C. Cost tool and Techniques
 - D. Science tool
- ANS: A

40. Which statement is true?
- A. Skills are not enduring due to fatigue
 - B. The final proof of sincerity and seriousness is uncompromising emphasis on integrity of character in a job
 - C. The mental contents of the good person are called moral and ethical values
 - D. All of the above
- ANS: D

II SHORT ANSWER TYPE QUESTIONS:

1. What do you think about the impact of globalization on corporate governance?
2. Distinguish between corporate management & corporate governance.
3. Explain basic mechanism of corporate governance.
4. Why is consumer also known as a stakeholder?
5. How can a manufacturer perform ethically without undermining the financial returns?
6. How can ethical consumerism change business?
7. Why is moral leadership important for entrepreneurs?
8. How legitimate is the concept of stakeholders in business management?
9. Why are branded goods high priced?
10. Discuss various ethical problems the companies suffer when launching a product.
11. What kind of packaging is harmful for humans?
12. Discuss ethical implications of product positioning.
13. Explain the ethical dimensions of pricing dynamics.
14. What are the main issues involved in environmental ethics?
15. Can businesses get any advantage if they adopt sustainability principle? Discuss.
16. How does multi-stakeholder ship work? Does it have any moral value?
17. How can environment be the responsibility of corporations? Discuss.
18. What do you mean by environmental management?
19. Explain the concept of 'Deep ecology'.
20. What do you understand by 'Eco –feminism'?
21. Comment upon the importance of leadership in a corporate ethical structure.
22. Explain the objectives & scope of social audit.
23. What is meant by Ethics hotlines & ethics committees? Explain.
24. Discuss the role of ethics officers in organizations.
25. How can employee wellbeing be enhanced through human values? Explain.
26. What is the process of transformation?
27. State the various challenges faced in the process of transformation.
28. What are the Prerequisites to Create Blue Print for Success?
29. What are the Principles for Competitive Success.
30. State the definitions of Success.
31. What is meant by Corporate Blog? Give some examples.
32. What do you understand by shareholder activism?
33. Discuss the major principles of UK stewardship Code.
34. Write short notes on Ethics in finance and ethics in marketing.
35. Describe the different ethical philosophies.

III LONG ANSWER TYPE QUESTIONS:

1. In corporate governance there is always a gap between the percept & the practice. Do you agree?
2. Elaborate the major OECD principles for corporate governance.
3. How can you ethically relate production & consumption and demand & supply in a consumerist society?
4. Why is the corporate governance important in a country? Discuss.
5. What is the role of business ethics in a free market system?
6. How would you implement brand management ethics in India? Discuss.
7. How can corporations meet the challenges of environmental degradation?
8. Would there be morality without human beings upon the earth? Explain.
9. Illustrate whether the environmental laws are consistent with moral laws?
10. The principle of survival is apt with natural justice, not only for human beings, but also for all living as well as nonliving earth systems. Comment.
11. Does Government play any role to observe sustainability principle? Explain.
12. What do you mean by power-bases? Explain how they are related to organizational leadership.
13. What do you think are ten most strong habits of an ethical leader? Elaborate.
14. What is value based management? Explain its basic features & determinants.
15. Write an essay on whistle blowing explaining its purposes, importance & limitations.
16. What are the functioning styles of different types of leaders?
17. Explain the role of values in making of business ethics. How organizational excellence can be achieved through human values? Discuss.
18. Virtues that support business transactions include trust fairness, truthfulness, competitiveness & focus. Do you agree? Discuss.
19. Can Triple Bottom-line be achieved by businesses through spiritual leadership? Discuss.
20. What is the relevance of ethics and values in business? How ethical decision making is incorporated in organizations?
21. How Organizational excellence and employee well being can be achieved by focusing on human values. Illustrate your ANSWER from real corporate examples.
22. What are the possible ethical dilemmas encountered by an employee at work place? Where should he look up for the ANSWER to such situations?
23. What are the issues and challenges of adhering to the principles of Environmental Ethics?
24. "It can be seen that ethical issues in marketing in the context of developing countries is highly sensitive to cultural, social and ethical issues." In the light of this statement discuss the ethical issues in marketing.
25. "It is not leadership but spiritual leadership which helps in complete business transformation". Comment on this statement with relevant examples.
26. Explain value based moral leadership while taking example of any famous business leader in India?
27. Describe the different ethical stances an organization may adopt based on different theories of ethics. What are some of the problems with using these principles? Give an example of a situation when an organization used utilitarianism to justify an ethically questionable action.
28. Discuss in detail worldwide efforts in sustaining Principles of Environmental Ethics.
29. Give an example of a Business Guru stating their Success story.

30. “Your character is what you really are; your reputation is what people think of you.” In the light of this statement discuss the 12 ethical principles:
31. “CSR is limited to development of employees of the company as voluntary guidelines on CSR suggest.” Comment.
32. Elucidate the role of leadership on ethics in an organization.
33. What do you understand by the Japanese technique of Kyosei? Also discuss in detail the role of business in sustainable development.
34. Describe about the criteria of assessment under the Dow Jones Sustainability Index.
35. Discuss in detail the Kyoto protocol and Bali Roadmap.

UNIT – IV

I MULTIPLE CHOICE QUESTIONS:

1. The process of evaluating a firm's _____ is to determine its effect on a society.
 - A. operating procedures
 - B. code of conduct
 - C. Policies compliance
 - D. All of the above
 ANS: B

2. The _____ is an agency to eliminate false and misleading advertising
 - A. FTC
 - B. DOL
 - C. SEBI
 - D. Both (a) and (b)
 ANS: A

3. Corporate Governance originated from _____
 - A. The Companies Act
 - B. SEBI Act, 1992
 - C. MCA
 - D. Clause 49 of SEBI act, 2000
 ANS: A

4. _____ can be defined as the rights given to people over the creations of their minds.
 - A. IPR
 - B. Patents
 - C. Copyright
 - D. Mandatory Rights
 ANS: A

5. A _____ is a way of measuring, understanding, reporting and ultimately improving an organization's social and ethical performance.
- A. Social Audit
 - B. Financial Audit
 - C. Responsibility Audit
 - D. Compulsory Audit
- ANS: A
6. The members of social audit can be from
- A. Zilla Panchayat
 - B. Block Panchayat
 - C. Gram Panchayat
 - D. All of the above
- ANS: D
7. The consumers have an implied _____ with the corporations
- A. Quasi Contract
 - B. Social Contract
 - C. Legal Contract
 - D. None of the above
- ANS: B
8. The right to _____ is the right to be protected against products, production processes and service hazardous to life
- A. Redress
 - B. Choose
 - C. Be informed
 - D. Safety
- ANS: D
9. The principle of "let the buyer be aware" is based on the _____ theory
- A. Capitalist
 - B. Consumer
 - C. Free-market
 - D. None of the above
- ANS: C
10. _____ doctrine places the responsibility of product safety on corporations
- A. Buyer beware
 - B. Seller beware
 - C. Seller take care
 - D. Buyer and seller take care
- ANS: C

11. The _____ has a code of ethics that helps organizations monitor their ads
- A. AAA
 - B. FTC
 - C. FDA
 - D. All of the above
- ANS: A
12. The basic principles of advertising law to be followed while doing online advertising are:
- A. Advertising must be truthful and not misleading
 - B. Advertisements cannot be unfair
 - C. Advertisements must be substantiated
 - D. All of the above
- ANS: D
13. The phenomenon of KGOY (Kids getting older younger) refers to
- A. Teens (between childhood and teenage years)
 - B. Only the teenagers
 - C. Kids below 13 years of age
 - D. Kids below 18 yrs of age
- ANS: A
14. _____ standards seek to encourage voluntary commitment to social responsibility.
- A. ISO 26000
 - B. AA1000
 - C. CSR
 - D. OECD
- ANS: A
15. Object of the central council is
- A. The right to be protected against the marketing of goods which are hazardous to life and property
 - B. The right to informed about the quality, quantity, potency, purity, standard and price of goods so as to protect the consumer against unfair trade practices
 - C. The right to be assured, wherever possible access to a variety of goods at competitive prices
 - D. The right to heard and to be assured that consumer interests will receive due consideration appropriate fora
 - E. All the above
- ANS: E
16. Illegal intrusion of a computer system without authorization of the owner or user is _____
- A. Hacking
 - B. Spam
 - C. Phishing

D. Spoofing
ANS: A

17. A kind of impersonation in order to get access to other computers is _____
A. Hacking
B. Spam
C. Phishing
D. Spoofing
ANS: D

18. The flooding of the victim's computer with _____ affects the bandwidth of the system and the user is unable to access and work on the computer.
A. Hacking
B. Spam
C. Phishing
D. Spoofing
ANS: B

19. The information Technology Act was amended in _____
A. 2006
B. 2005
C. 2000
D. 2001
ANS: A

20. Prevention of disclosure of information to unauthorized persons is _____
A. Confidentiality
B. Integrity
C. Availability
D. None of the above
ANS: A

21. _____ - is a prefix to everything that transports us instantly into the virtual world.
A. Cyber
B. Internet
C. Tech
D. None of the above
ANS: A

22. Information Technology is operation through applied technologies of computer science through and medium of electronic communications like
A. TV
B. Telephone
C. Internet
D. All of the above
ANS: D

23. _____ in the matter of information security plays a big role in areas such as capital market.
- A. Due Care
 - B. Due Diligence
 - C. Prudence
 - D. Awareness
- ANS: B
24. _____ is when the criminal disseminates the information to defame you and take revenge on you, or cause loss.
- A. Cyber attack
 - B. Cyber defamation
 - C. Spoofing'
 - D. Phishing
- ANS: B
25. _____ is a way of measuring, understanding, reporting and ultimately improving an organization's social and ethical performance.
- A. Financial audit
 - B. Social audit
 - C. Ethical audit
 - D. Corporate governance
- ANS: B
26. The Consumer protection act 1986 enacted in
- A. 24 Oct 1986
 - B. 24 Oct 1987
 - C. 24 Aug 1986
 - D. 15 June 1986
- ANS: A
27. The Consumer Protection Act 1986 extends to
- A. The whole India
 - B. The whole India except Jammu and Kashmir
 - C. The whole India except Nagaland tribal area
 - D. Both B & C
- ANS: B
28. As per section 2(1)(b) of Consumer Protection Act 1986, "complainant" means
- A. a consumer
 - B. any consumer association registered under the Companies Act, 1956
 - C. the Central Government or any State Government,
 - D. All the above
- ANS: D

29. In case of death of a consumer who can prefer complaint under Section 2(1)(b) of Consumer Protection Act 1986
- A. his legal heir or representative
 - B. State Government
 - C. consumer association registered under the Companies Act, 1956
 - D. No one can prefer complaint

ANS: A

30. As per section 2(1)(j) of Consumer Protection Act 1986, 'manufacturer' means a person who
- (i) makes or manufactures any goods or part thereof
 - (ii) does not make or manufacture any goods but assembles parts thereof made or manufactured by others
 - (iii) puts or causes to be put his own mark on any goods made or manufactured by any other manufacturer;

Codes:

- A. (i) & (ii)
- B. (i) & (iii)
- C. (ii) & (iii)
- D. (i), (ii) & (iii)

ANS: D

31. Which of the following does the term Corporate Social Responsibility relate to?
- A. Environmental practice
 - B. Ethical conduct
 - C. Human rights and employee relations
 - D. Community investment
 - E. All of the above
 - F. None of the above

ANS: E

32. Who are organizational stakeholders?
- A. Providers of finance
 - B. Customers
 - C. Employees
 - D. Community
 - E. Government
 - F. All of the above

ANS: F

33. What is Ethics to do with?
- A. Nothing
 - B. The wider community
 - C. Business
 - D. Right and wrong

E. None of the above

ANS: D

34. Which of the following is an example of an area where business ethics apply?

A. Conduct of international operations

B. Nowhere

C. In the personal life of staff

D. None of the above

ANS: A

35. Which legislation relates to the concept of business ethics?

A. Freedom of Information Act

B. Building regulations

C. Food Act

D. All of these

ANS: A

36. The goal of corporate governance and business ethics education is to:

A. Teach students their professional accountability and to uphold their personal Integrity to society.

B. Change the way in which ethics is taught to students.

C. Create more ethics standards by which corporate professionals must operate.

D. Increase the workload for accounting students

ANS: C

37. The corporate governance structure of a company reflects the individual companies':

A. Cultural and economic system.

B. Legal and business system.

C. Social and regulatory system.

D. All of the above.

ANS: D

38. Under the _____, both internal and external corporate governance mechanisms are intended to induce managerial actions that maximize profit and

A. shareholder value.

B. Shareholder theory.

C. Agency theory.

D. Stakeholder theory.

E. Corporate governance theory

ANS: A

39. An organization's appropriate tone at the top promoting ethical conduct is an example of:

A. Ethics sensitivity.

B. Ethics incentives.

C. Ethical behavior.

D. Consequentialist.

ANS: C

- 40 An independent director is one who:
- A. Did not attend a school supported by the company.
 - B. Does not have outside relationships with other directors.
 - C. Does not have any other relationships with the company other than his or her directorship.
 - D. All of the above

ANS: C

II SHORT ANSWER TYPE QUESTIONS:

1. Elaborate on the main features of corporate governance in India.
2. Why do ethical codes fail?
3. Explain the basic theories of corporate governance.
4. In corporate governance, there is always a gap between the precept and the practice. Explain your point of view.
5. In short explain your opinion of whether the advertising industry requires regulation.
6. What are surrogate advertisements?
7. Are consumers being justly and fairly treated?
8. Are the public welfare and the common good taken into consideration for the effects as well as the intention of advertisements?
9. Why is Cyber technology a moral issue?
10. What relevance does data privacy have?
11. What are the core subjects and issues of Consumer Protection Act?
12. Write short note on:
 - a. Enron and failure of Corporate Governance
 - b. Internet Crime
13. Write short notes on:
 - a. Consumer Protection Act, 1986
 - b. Internet Crime and Punishment
14. What ethical principles of advertising apply to consumers in all cultures and countries? Explain
15. What are the various reasons for the failure of Corporate Governance in Companies?
16. In short, explain whether the advertising industry requires regulation?
17. What do you think are the major defects in corporate governance in India?
18. Elaborate the main features of corporate governance in India.
19. Enumerate the important reasons for rapid growth international trade and business in recent years.
20. What ethical dilemmas a businessman faces in conducting international business? Suggest some ways and means to take ethical decisions in the context of these dilemmas.
21. Describe the redressal mechanism under the Consumer Protection Act.
22. How can one file a complaint under the Consumer Protection Act?
23. How are the consumer grievances redressed by the three- tier machinery under CPA, 1986? Explain.
24. Who can file a complaint on behalf on a deceased consumer?

25. When can a consumer get more than one relief for a complaint?
26. What are the emerging trends in Corporate governance?
27. How can one file a complaint under the Consumer Protection Act?
28. What are the objectives of Corporate Governance?
29. Why does ethical code of conduct fail?
30. Explain the concept of 'Caveat Emptor' and its relevance in Consumer Protection Act.
31. What do you understand by the term 'corporate governance'? Why is it important?
32. Elucidate the need for corporate governance in India.
33. Discuss the contemporary issues in Corporate Governance in India.
34. How is maintaining a social audit help corporate?
35. What are Intellectual Property Rights?

III LONG ANSWER TYPE QUESTIONS:

1. Explain the history and evolution of corporate governance in India.
2. What are the defects of Corporate Governance System in India?
3. Discuss the contemporary issues in Corporate Governance in India.
4. How is maintaining a social audit help corporate?
5. In corporate governance, there is always a gap between the precept and the practice. Explain your point of view.
6. Explain in detail the ethical issues in Advertising and Marketing.
7. Explain how the corporate governance requirements to be followed in India by Registered Company.
8. Discuss emerging trends in corporate governance.
9. Explain the basic theories of corporate governance.
10. Distinguish between corporate governance and corporate management.
11. What does Birla Committee Report emphasize on the various aspects of corporate governance?
12. Discuss about Combating Computer and Internet Fraud and what are the punishments for such crimes?
13. Why should companies execute social responsibility? What are the different types of programmes that an organization can implement for promoting CSR activities?
14. What are the objectives of Corporate Governance? How SEBI does monitors and regulates corporate governance of listed companies in India?
15. Leo Burnett, the famous advertising professional said, "Let's gear our advertising to sell goods, but let's recognize also that advertising has a broad social responsibility." What are the unethical dimensions in the advertisements that we see? Discuss.
16. Why Social Audit is important? Explain your ANSWER with reference to public sector and government organizations?
17. How are the consumer grievances redressed by the three- tier machinery under CPA, 1986? Explain.
18. How can one file a complaint under the Consumer Protection Act?
19. Explain consumer awareness as a way and means of consumer protection.
20. Identify a recent example of a corporation accused of false or deceitful advertising? How did it justify claims made in the ad? Do you agree or disagree with the claim? Explain

21. What are the steps involved in Corporate Governance? Why do you think the Corporate Governance fails?
22. Why is corporate governance important in a country like India?
23. Discuss the guidelines laid down by SEBI to enhance the issues relating to corporate governance.
24. Explain the concept of 'Caveat Emptor' and its relevance in Consumer Protection Act.
25. Explain in detail the objectives of Corporate Governance.
26. "Corporate Social Responsibility is about giving back to society." In view of the statement, explain the concept of CSR and current CSR practices of the firms in India.
27. Describe the various stages in the evolution of Corporate Governance in India.
28. Compare and contrast corporate governance failure in case of Enron and Satyam.
29. What do you think is the impact of globalization on corporate governance?
30. Discuss the constraints that restrain competition in developing countries.
31. Why is it considered that the Cadbury Committee's Report is the landmark in the evolution of corporate governance both as a concept and practice.
32. Explain in detail the OECD Principles of Corporate Governance.
33. What roles, values and ethics play in ensuring corporate governance?
34. Discuss various efforts initiated in India to ensure corporate governance in India.
35. Discuss the extent to which efforts to ensure corporate governance has been effective in India.
36. Write notes on:
 - a) Unethical decision making
 - b) Corruption and Administration

QUESTION BANK

BUSINESS STATISTICS

B.COM-209

QUESTION BANK

BUSINESS STATISTICS - B.COM 209

B.COM – III

UNIT – I

I MULTIPLE CHOICE QUESTIONS:

1. The sum of deviations of observations from their arithmetic mean:
A. Maximum
B. Least
C. Zero
D. None of these
ANS: C
2. The sum of absolute deviations is minimum when taken from:
A. Mean
B. Median
C. Mode
D. None of these
ANS: B
3. The sum of squared deviations is minimum when taken from:
A. Mean
B. Median
C. Mode
D. None of these
ANS: A
4. What is the median of 33, 86, 68, 32, 80, 48, 70?
A. 32
B. 68
C. 80
D. 86
ANS: B
5. In a moderately skewed distribution, the value of mean is 16 and that of mode is 25.
A. 20
B. 19
C. 21
D. None of these
ANS: B

6. In a moderately skewed distribution, the following equation indicates the relationship among mean, median and mode:
- A. Mean = 2 Mode - 3 Median
 - B. Mode = 3 Median - 2 Mean
 - C. Median = 3 Mean - 2 Mode
 - D. None of these

ANS: B

7. For a symmetrical distribution, Q_1 and Q_3 are 20 and 60 respectively. The value of median will be:
- A. 20
 - B. 30
 - C. 40
 - D. 50

ANS: C

8. The variate values which divide a series into ten equal parts are called:
- A. Quartiles
 - B. Deciles
 - C. Percentiles
 - D. None of these

ANS: B

9. From which average, the sum of deviations is zero?
- A. Mean
 - B. Median
 - C. Mode
 - D. None of these

ANS: A

10. The average to be used to determine the average size of the shoe sold in a shop is:
- A. Mean
 - B. Median
 - C. Mode
 - D. None of these

ANS: C

11. Find the Mode of 5, 3, 27, 5, 9, 3, 8, 5:
- A. 5
 - B. 27
 - C. 9
 - D. 3

ANS: A

12. In a moderately asymmetrical distribution, the value of mean is 75 and the value of mode is 60:
- A. 75
 - B. 70
 - C. 85
 - D. 80
- ANS: B
13. Given Mean = 70.2 and mode = 70.5. Find the median using empirical relationship among them.
- A. 120
 - B. 150
 - C. 180
 - D. 300
- ANS: B
14. In a moderately skewed distribution, the value of mode is 120 and that of median is 140. Find the value of arithmetic mean.
- A. 150
 - B. 160
 - C. 170
 - D. 180
- ANS: A
15. The arithmetic mean of the marks obtained by 50 students was calculated as 44. It was later discovered that a score of 36 was misread as 56. Find the correct value of arithmetic mean of the marks obtained by the students.
- A. 43
 - B. 43.6
 - C. 45
 - D. 50
- ANS: B
16. The marks obtained by 9 students in a test are 25, 20, 15, 45, 18, 7, 10, 38 and 12. Find the median.
- A. 38
 - B. 20
 - C. 18
 - D. 15
- ANS: C
17. In a moderately asymmetrical distribution, the mode and mean are 32.1 and 35.4 respectively. Calculate the median.
- A. 35
 - B. 34.3
 - C. 36

D. 37

ANS: B

18. In a moderately skewed distribution, the mode and median are 20 and 24 respectively. Calculate the value of mean.

A. 27

B. 26

C. 25

D. 28

ANS: B

19. The mean weight of 150 students in a class is 60 Kg. The mean weight of Boy students is 70 Kg and that of a girl students is 55 kg. Find the number of Boys and Girls in the class.

A. 50 and 100

B. 100 and 50

C. 150 and 200

D. 200 and 150

ANS: A

20. A distribution consists of three components with total frequencies of 200, 250 and 300 having means 25, 10 and 15 respectively. Find the mean of the combined distribution.

A. 17

B. 16

C. 15

D. 20

ANS: B

21. The arithmetic mean is 12 and the number of observations are 20 then the sum of all the values is

A. 8

B. 32

C. 240

D. 1.667

ANS: C

22. The method used to compute average or central value of the collected data is considered as

A. measures of positive variation

B. measures of central tendency

C. measures of negative skewness

D. measures of negative variation

ANS: B

23. The mean or average used to measure central tendency is called

A. sample mean

B. arithmetic mean

C. negative mean

D. population mean

ANS: B

24. If the mean of percentages, rates and ratios is to be calculated then the central tendency measure which must be used in this situation is

A. weighted arithmetic mean

B. paired arithmetic mean

C. non-paired arithmetic mean

D. square of arithmetic mean

ANS: A

25. In the quartiles, the central tendency median to be measured must lie in

A. first quartile

B. second quartile

C. third quartile

D. four quartile

ANS: B

26. A numerical value used as a summary measure for a sample, such as sample mean, is known as a

A. population parameter

B. sample parameter

C. sample statistic

D. population mean

ANS: C

27. The mean of a sample is

A. always equal to the mean of the population

B. always smaller than the mean of the population

C. computed by summing the data values and dividing the sum by $(n - 1)$

D. computed by summing all the data values and dividing the sum by the number of items

ANS: D

28. In a five number summary, which of the following is not used for data summarization?

A. the smallest value

B. the largest value

C. the median

D. the 25th percentile

ANS: D

29. Since the mode is the most frequently occurring data value, it

A. can never be larger than the mean

B. is always larger than the median

C. is always larger than the mean

D. None of the above answers is correct.

ANS: D

30. In statistics out of 100, marks of 21 students in final exams are as 90, 95, 95, 94, 90, 85, 84, 83, 85, 81, 92, 93, 82, 78, 79, 81, 80, 82, 85, 76, 85 then mode of data is

- A. 85
- B. 95
- C. 90
- D. 81

ANS: A

31. Branches of statistics includes

- A. applied statistics
- B. mathematical statistics
- C. industry statistics
- D. both a and b

ANS: D

32. What is the median of the data 78, 56, 22, 34, 45, 54, 39, 68, 54, 84?

- A. 54
- B. 53
- C. 55
- D. 51

ANS: A

33. Find the mean of $x + 77$, $x + 7$, $x + 5$, $x + 3$ and $x - 2$?

- A. $x + 8$
- B. $x + 18$
- C. $x - 8$
- D. $x - 18$

ANS: B

34. In the class intervals $40 - 50$, $50 - 60$, the number 50 is included in which of the following?

- A. $40 - 50$
- B. $30 - 40$
- C. $50 - 60$
- D. $60 - 70$

ANS: C

35. If each observation of the data is increased by 5, then what happens to its mean?

- A. is increased by 4
- B. is increased by 5
- C. is decreased by 4
- D. is decreased by 5

ANS: B

II SHORT ANSWER TYPE QUESTIONS:

1. Write a short note on measures of Central Tendency.
2. What are the requisites of a good average? Explain briefly.
3. State two important objects of measures of Central Value.
4. Distinguish between Simple and Weighted Average and state the circumstances under which the latter should be employed.
5. What do you mean by arithmetic mean? Discuss its merits and demerits. Also state its important properties.
6. State the algebraic properties of arithmetic mean with examples.
7. Define Median.
8. Is it true to say that sum of the absolute deviations from median is the minimum? Illustrate your answer with the help of an example.
9. State the formula of median for grouped data with class intervals.
10. Why is the median called a positional average?
11. Point out the merits and demerits of median.
12. Define Mode. When is mode preferred over other forms of average?
13. When is mode said to be ill-defined?
14. Point out the merits and demerits of mode as a measure of central tendency.
15. A stockist of ready-made garments should follow which type of an average and why?
16. Give the formula for computing mode in a continuous series.
17. Briefly explain the role of Grouping Table and Analysis Table in calculation of Mode.
18. "The arithmetic mean is best among all the averages." Why or why not?
19. Discuss the importance of statistics. What are various limitations of statistics?
20. What are the chief characteristics of statistics?
21. Discuss the importance of statistics in business and commerce.
22. Explain the importance of statistics with reference to business and industry.
23. Is statistics a science or an art or both?
24. Differentiate between arithmetic mean and median.
25. What are the qualities of a good average?
26. What are the objectives of tabulation?
27. What is a bar graph?
28. What is frequency distribution?
29. What are histograms?
30. What are graphics?

III LONG ANSWER TYPE QUESTIONS:

1. Following is the distribution of marks in economics obtained by 50 students:

Marks (more than):	0	10	20	30	40	50
No. of Students	100	92	80	40	20	6

Calculate the median marks. If 60% of the students pass this test. Find the minimum marks obtained by a pass candidate.

2. The mean and standard deviation of 100 items is found to be 120 and 20, two items are wrongly taken as 23 and 7, instead of 13 and 17, find the correct mean and standard deviation.
3. What are the sources of collection of data? What are the limitations of statistics?
4. What is the meaning of normalcy of data? How is it measured?
5. Distinguish between skewness and dispersion.
6. A distribution consists of three components with total frequencies of 200, 250 and 300 having means 25, 10 and 15 respectively. Find the mean of combined distribution.
7. Write short notes on:
 - a) Absolute and Relative Variation
 - b) Lorenz Curve

8. The following data relate to salaries of the employees of the factory.

	Morning Shift	Evening Shift
Mean Salary per month (Rs.)	14,300	18,600
Standard Deviation of Salary (Rs.)	1,250	1,320
Number of Employees	40	30

- a) For which factory is the total salary higher?
 - b) In which factory is the variability in salaries greater?
 - c) Calculate the combined mean salary of two shifts.
9. Represent the following distribution by a histogram:

Class Interval	10-20	20-30	30-40	40-50	50-60	60-70
Frequency	6	8	12	10	4	2

10. Given the following distribution of marks of students of a class:

Marks	20-30	30-40	40-50	50-60	60-70
No. of Students	12	20	48	16	4

- a) Calculate median marks.
 - b) If 80% of the students pass the test, determine the minimum pass marks.
11. Find Combined Mean for the two sets of data from the given information:

	Set I	Set II
Size	20	40
Mean	110	105

12. Calculate the A.M., Median and Mode for the frequency distribution:

Variable	10-13	13-16	16-19	19-22	22-25	25-28	28-31	31-34	34-37	37-40
Frequency	8	15	27	51	75	54	36	18	9	7

13. A candidate obtained the following percentage of marks in different subjects in the final examination:
English 60, Statistics 75, Cost Accountancy 63, Economics 59, Income tax 55. Find the candidate's weighted arithmetic mean if weights are 1, 2, 1, 3, 3 respectively are allotted to the subjects.

14. Calculate Weighted Mean from the following data:

Value	10	12	15	18	20
Weight	2	5	12	4	7

15. An incomplete distribution is given below:

Class	0-10	10-20	20-30	30-40	40-50	50-60	60-70	Total
Frequency	10	20	?	40	?	25	15	170

Find out the missing frequencies if median value is 35.

16. Following is the distribution of marks obtained by 65 students in statistics paper:

Marks (more than)	20	30	40	50	60	70
No. of Students	65	63	40	40	18	7

Calculate the median marks.

17. Consider incomplete distribution of the protein consumption unit/day (g) of 400 families-

Protein Intake	15-25	25-35	35-45	45-55	55-65	65-75	75-85
No. of families	30	?	100	110	80	?	10

If the median is found to be 47.73, find the missing frequency. Also find the mode of the completed distribution.

18. Following is the distribution of marks in economics obtained by 50 students:

Marks (more than)	0	10	20	30	40	50
No. of Students	100	92	80	40	20	6

Calculate the median marks. If 60% of the students pass this test, find the minimum marks obtained by a pass candidate.

19. The mean and standard deviation of 100 items are found to be 120 and 20. If at the time of calculations, two items are wrongly taken as 23 and 7 instead of 13 and 17, find the corrected mean and corrected standard deviation.

20. When is the variance equal to the standard deviation? Under what circumstances can variance be less than standard deviation? Explain.

21. The scores of two batsmen A and B in ten innings are as follows:

A	32	28	47	63	71	39	10	60	96	14
B	19	31	48	53	67	90	10	62	40	80

Which Batsman is more consistent in scoring?

22. The mean and standard deviation of 100 items are found to be 40 and 10. If at the time of the calculations, two items are wrongly taken as 30 and 70 instead of 3 and 27, find the corrected mean and corrected standard deviation.

23. The following data relate to salaries of the employees of the factory.

	A	B
Mean Salary per month (Rs.)	1600	1750
Variance of salary of workers	256	289
Number of Employees	100	200

Compute the following:

- Which firm pays larger pay package of salary to workers?
 - Which firm shows greater variability in the distribution of salary to the workers?
 - Compute the combined average salary and combined variance of all the 300 workers of both the firms taken together.
24. Explain graphical method of locating mode.
25. Why is the median called a positional average? Point out the merits and demerits of median.
26. Define statistics? Explain its importance in detail.
27. What are the objectives and limitations of statistics?
28. Explain in detail partition values- deciles, quartiles and percentiles.

29. “Statistics is all about numbers or numerical data”. Elucidate the statement in the light of defining importance, functions and limitation of statistics.
30. From the following data find Mean, Median and Mode.

Marks	No. of students
45-50	10
40-45	15
35-40	26
30-35	29
25-30	42
20-25	32
15-20	24
10-15	15
5-10	7

UNIT – II

I MULTIPLE CHOICE QUESTIONS:

1. The measurements of spread or scatter of the individual values around the central point is called:
- Measures of dispersion
 - Measures of central tendency
 - Measures of skewness
 - Measures of kurtosis
- ANS: A
2. The scatter in a series of values about the average is called:
- Central tendency
 - Dispersion
 - Skewness
 - Symmetry
- ANS: B
3. The measures used to calculate the variation present among the observations in the unit of the variable is called:
- Relative measures of dispersion
 - Coefficient of skewness
 - Absolute measures of dispersion
 - Coefficient of variation
- ANS: C

4. The measures used to calculate the variation present among the observations relative to their average is called:
- A. Coefficient of kurtosis
 - B. Absolute measures of dispersion
 - C. Quartile deviation
 - D. Relative measures of dispersion

ANS: D

5. The degree to which numerical data tend to spread about an average value called:
- A. Constant
 - B. Flatness
 - C. Variation
 - D. Skewness

ANS: C

6. The measures of dispersion can never be:
- A. Positive
 - B. Zero
 - C. Negative
 - D. Equal to 2

ANS: C

7. If all the scores on examination cluster around the mean, the dispersion is said to be:
- A. Small
 - B. Large
 - C. Normal
 - D. Symmetrical

ANS: A

8. If there are many extreme scores on all examination, the dispersion is:
- A. Large
 - B. Small
 - C. Normal
 - D. Symmetric

ANS: A

9. Given below the four sets of observations. Which set has the minimum variation?
- A. 46, 48, 50, 52, 54
 - B. 30, 40, 50, 60, 70
 - C. 40, 50, 60, 70, 80
 - D. 48, 49, 50, 51, 52

ANS: D

10. Which of the following is an absolute measure of dispersion?
- A. Coefficient of variation
 - B. Coefficient of dispersion

- C. Standard deviation
- D. Coefficient of skewness

ANS: C

11. The measure of dispersion which uses only two observations is called:

- A. Mean
- B. Median
- C. Range
- D. Coefficient of variation

ANS: C

12. The measure of dispersion which uses only two observations is called:

- A. Range
- B. Quartile deviation
- C. Mean deviation
- D. Standard deviation

ANS: A

13. In quality control of manufactured items, the most common measure of dispersion is:

- A. Range
- B. Average deviation
- C. Standard deviation
- D. Quartile deviation

ANS: A

14. The range of the scores 29, 3, 143, 27, 99 is:

- A. 140
- B. 143
- C. 146
- D. 70

ANS: A

15. If the observations of a variable X are, -4, -20, -30, -44 and -36, then the value of the range will be:

- A. -48
- B. 40
- C. -40
- D. 48

ANS: B

16. The range of the values -5, -8, -10, 0, 6, 10 is:

- A. 0
- B. 10
- C. -10
- D. 20

ANS: D

17. If $Y = aX \pm b$, where a and b are any two numbers and $a \neq 0$, then the range of Y values will be:
- A. Range(X)
 - B. $a \text{ range}(X) + b$
 - C. $a \text{ range}(X) - b$
 - D. $|a| \text{ range}(X)$
- ANS: D
18. If the maximum value in a series is 25 and its range is 15, the maximum value of the series is:
- A. 10
 - B. 15
 - C. 25
 - D. 35
- ANS: A
19. Half of the difference between upper and lower quartiles is called:
- A. Interquartile range
 - B. Quartile deviation
 - C. Mean deviation
 - D. Standard deviation
- ANS: B
20. If $Q_3=20$ and $Q_1=10$, the coefficient of quartile deviation is:
- A. 3
 - B. $1/3$
 - C. $2/3$
 - D. 1
- ANS: B
21. If the quartile range is 24 then the quartile deviation is:
- A. 48
 - B. 12
 - C. 24
 - D. 72
- ANS: B
22. The sum of all the squared deviations is divided by the total number of observations to calculate
- A. population deviation
 - B. population variance
 - C. sample deviation
 - D. sample variance
- ANS: B

23. For the recorded observation, the ratios measured by absolute variation are considered as
- A. non-relative measures
 - B. relative measures
 - C. high uniform measures
 - D. low uniform measures
- ANS: B
24. If the arithmetic mean is multiplied to coefficient of variation then the resulting value is classified as
- A. coefficient of deviation
 - B. coefficient of mean
 - C. standard deviation
 - D. variance
- ANS: B
25. If mean absolute deviation of set of observations is 8.5 then value of quartile deviation is
- A. 7.08
 - B. 9.08
 - C. 10.2
 - D. 11.2
- ANS: A
26. For a positively skewed distribution, mean is always:
- A. Less than the median
 - B. Less than the mode
 - C. Greater than the mode
 - D. Difficult to tell
- ANS: C
27. If the sum of deviations from median is not zero, then a distribution will be:
- A. Symmetrical
 - B. Skewed
 - C. Normal
 - D. All of the above
- ANS: B
28. The degree of peaked ness or flatness of a unimodel distribution is called:
- A. Skewness
 - B. Symmetry
 - C. Dispersion
 - D. Kurtosis
- ANS: D
29. In a mesokurtic or normal distribution, $\mu_4 = 243$. The standard deviation is:
- A. 81
 - B. 27

- C. 9
 - D. 3
- ANS: D

30. In a symmetrical distribution, $Q_3 - Q_1 = 20$, median = 15. Q_3 is equal to:

- A. 5
- B. 15
- C. 20
- D. 25

ANS: D

31. The first three moments of a distribution about the mean are 1, 4 and 0. The distribution is:

- A. Symmetrical
- B. Skewed to the left
- C. Skewed to the right
- D. Normal

ANS: A

32. For a symmetrical distribution:

- A. $\beta_1 > 0$
- B. $\beta_1 < 0$
- C. $\beta_1 = 0$
- D. $\beta_1 = 3$

ANS: C

33. The second and fourth moments about mean are 4 and 48 respectively, then the distribution is:

- A. Leptokurtic
- B. Platykurtic
- C. Mesokurtic or normal
- D. Positively skewed

ANS: C

34. Bowley's coefficient of skewness lies between:

- A. 0 and 1
- B. 1 and +1
- C. -1 and 0
- D. -2 and +2

ANS: B

35. The value of β_2 can be:

- A. Less than 3
- B. Greater than 3
- C. Equal to 3
- D. All of the above

ANS: D

II SHORT ANSWER TYPE QUESTIONS:

1. What is meant by variability?
2. What is the importance of deviation in our real time life?
3. Define the Mean Deviation or average deviation.
4. Why we study Dispersion?
5. Define absolute Dispersion?
6. Define the Relative Measure of Dispersion?
7. Define mean deviation from median.
8. Calculate the mean deviation from the (1) arithmetic mean (2) median (3) mode in respect to the marks obtained by nine students given below and show that the mean deviation from the median is the minimum. Marks (out of 25): 7, 4, 10, 9, 15, 12, 7, 9, 7.
9. What is range?
10. Define co efficient of range.
11. Define IQR.
12. What is Quartile Deviation?
13. Define Quartile Deviation.
14. What is mean deviation?
15. How to calculate mean deviation from mean?
16. What is standard deviation?
17. What is combined standard deviation?
18. What is coefficient of variation?
19. What is skewness?
20. What are the various objectives of measuring skewness?
21. Difference between skewness and kurtosis.
22. What are the various tests for Skewness.
23. How to determine coefficient of skewness.
24. Calculate appropriate measure of skewness from the following income distribution:

MonthlyIncome(Rs.)	Frequency
Upto-100	9
101-150	51
151-200	120
201-300	240
301-500	136
501-750	33
751-1000	9
above1000	2
N = 600	

25. Calculate the mean deviation from the mean and its coefficients from the following data:

Size of Items	3-4	4-5	5-6	6-7	7-8	8-9	9-10
Frequency	3	7	22	60	85	32	8

26. What is the difference between mean deviation and standard deviation?
27. What is the difference between range and IQR?

28. What is kurtosis?
29. How do we determine coefficient of kurtosis?
30. Name the absolute and relative measures of skewness.

III LONG ANSWER TYPE QUESTIONS:

1. Find the range for the following:
 - (a) 150, 250, 825, 400, 18, 500
 - (b) 2.2, 1.8, 5.1, 0.3
2. Calculate the mean and the range of each of the following sets of data. (a) $X_1 = 4, 8, 7, 3, 5, 10, 24, 5$ (b) $X_2 = 10, 7, 9, 11, 11, 8, 9, 7$.
3. Calculate the mean deviation of the following frequency distribution:

Value X units	Frequency of occurrence f
6	4
7	6
8	10
9	11
10	8
11	1

4. Find the variance and standard deviation for the following data: 2, 3, 6, 8, 10, 13, 16.
5. Calculate the variance and standard deviation of the frequency distribution below:

Value X	6	7	8	9	10	11
Frequency f	4	6	10	11	8	1

6. The daily demand for an item of stock has a mean of 6 units, with a variance of 4 and a standard deviation of 2 units. Demand on any one day is unaffected by demand on previous or subsequent days. Calculate arithmetic mean, the variance and the standard deviation of demand for a five day week.
7. The weights of three items X, Y and Z vary independently and have the following means and standard deviations.

	Mean weight kg	Standard deviation kg
X	10	2
Y	14	2
Z	6	1

- The three items are sold together in a single packet. Calculate the mean weight of a packet of one unit each of X, Y and Z, and the standard deviation of the weights of packets.
8. The mean and the median of a frequency distribution are 4 and 7 respectively. The standard deviation is 8. Calculate Pearson's coefficient of skewness.
 9. Explain the term measure of dispersion and briefly list the advantages and disadvantages of using: (i) The range (ii) The quartile deviation (iii) The mean deviation (vii) The standard deviation.
 10. Define and explain the use of: (1) the standard deviation (2) the coefficient of variation.
 11. Where first quartile = 37 and 3rd quartile = 69. Find (i) Quartile deviation (ii) Coefficient of quartile deviation.

12. Sales for an industry rose from Rs. 23 million to Rs. 27 million, while the industry's price index rose from 175 to 200. Compute the percentage change in (i) Actual rupees sales (ii) Sales in constant rupees.
13. A patient's blood pressure measured daily over several weeks averaged 182 with a standard deviation of 12.6, while that of another patient averaged 124 with a standard deviation of 9.4. Which patient's blood pressure is relatively more variable?
14. If the monthly salary paid to the three top executives of a firm is Rs. 156000. Can one of them receive a monthly salary of Rs. 500000?
15. The mean temperature in Karachi in the month of January is 160 C with a standard deviation of 0.50 C. On January 15, the temperature is 40 C standard deviation above the mean. What is the temperature on January 15?
16. From the following data, determine the average owner occupancy rate (percentage) for the three cities:

City	Owner occupancy (percentage)	Number of housing units (thousands)
A	40.3	1135
B	56.4	113
C	62.1	210

17. Find the sample variance, sample standard deviation and coefficient of variation for the following data:

Size of orders X	20 < 30	30 < 40	40 < 50	50 < 60	60 < 70
No. of orders f	3	8	12	6	1

18. Calculate 1st quartile, 5th decile and 70th percentile for the following frequency distribution

Class interval	Frequency
3-5	6
6-8	8
9-11	9
12-14	14
15-17	16
18-20	17
21-23	11
24-26	8
27-29	7
30-32	4

19. From the figures given below, calculate: (i) The range (ii) The arithmetic mean (iii) The median (iv) The lower quartile (v) The upper quartile (vi) The mean deviation (vii) The standard deviation

3	14	24	33	42
6	17	25	37	48
9	18	27	38	51
10	21	31	40	56
12	61	63	65	74

20. The mean and the median of a frequency distribution are 4 and 7 respectively. The standard deviation is 8. Calculate Pearson's coefficient of skewness.
21. Using the data from the example above (12 13 54 56 25), determine the type of kurtosis present.
22. The following data is given. Find a) the mean and b) the variance.
- | | |
|-----------------|-----------|
| Class Intervals | f |
| 0 - under 10 | 10 |
| 10 - under 20 | 20 |
| 20 - under 30 | 40 |
| 30 - under 40 | 20 |
| 40 - under 50 | <u>10</u> |
| Total | 100 |
23. If the mean return for an industry is 10% with a standard deviation of 6%, out of 100 firms how many do you expect to have returns above 22%?
24. If the mean is 5 and the standard deviation is 2, find an interval that must contain at least the central two-thirds of the observations.
25. The wheat production (in Kg) of 20 acres is given as: 1120, 1240, 1320, 1040, 1080, 1200, 1440, 1360, 1680, 1730, 1785, 1342, 1960, 1880, 1755, 1720, 1600, 1470, 1750, and 1885. Find the quartile deviation and coefficient of quartile deviation.
26. Explain in detail the absolute measures of skewness.
27. Explain in detail the relative measures of skewness.
28. Calculate Mean Deviation, Quartile Deviation and their coefficients:

Height	58	59	60	61	62	63	64	65	66
No. of students	15	20	32	35	33	22	20	10	8

29. Explain in detail the difference between skewness and kurtosis.
30. Find the Kelly's Coefficient of Skewness and Coefficient of Kurtosis.

Income (Rs.)	4000	4500	5800	5060	6600	5380
No. of persons	24	26	16	20	6	30

UNIT – III

I MULTIPLE CHOICE QUESTIONS:

1. If the sum of squares of the rank differences of 10 pairs of values is 30, find the correlation coefficient between them.
- A. 0.75
 B. 0.82
 C. 0.90
 D. 0.83
- ANS: B

2. In a bivariate sample, the sum of squares of differences between marks of observed values of two variables is 33 and the rank correlation between them is 0.8. Find the number of pairs of observations:
A. 12
B. 10
C. 15
D. 18
ANS: B
3. In a bivariate distribution, Spearman's Coefficient of Correlation is -0.25. If the sum of the squares of various ranks is 150, find out the number of pairs of items:
A. 10
B. 8
C. 9
D. 7
ANS: C
4. The rank correlation coefficient of a debating contest involving 10 participants was calculated as 0.6. However, it was later discovered that the difference in the ranks of some participants was read as 8 instead of 3. Find the correct correlation coefficient:
A. 0.933
B. 0.652
C. 0.854
D. 0.751
ANS: A
5. The regression coefficient of X on Y is:
A. b_{XY}
B. b_{YX}
C. Not Specified
ANS: A
6. Regression Coefficient of Y on X is:
A. b_{XY}
B. b_{YX}
C. Not Specified
ANS: B
7. If one of the regression coefficient is greater than unity, the other must be:
A. More than Unity
B. Less than Unity
C. Unity
ANS: B

8. The regression coefficients are independent of change of origin but:
- A. Not of Scale
 - B. Also of Scale
 - C. No Change in scale
- ANS: A
9. The coefficient of correlation between the regression coefficients is:
- A. Arithmetic Mean
 - B. Geometric Mean
 - C. Average
- ANS: B
10. The correlation coefficient is used to determine:
- A. A specific value of the y-variable given a specific value of the x-variable
 - B. A specific value of the x-variable given a specific value of the y-variable
 - C. The strength of the relationship between the x and y variables
 - D. None of these
- ANS: C
11. If there is a very strong correlation between two variables then the correlation coefficient must be:
- A. any value larger than 1
 - B. much smaller than 0, if the correlation is negative
 - C. much larger than 0, regardless of whether the correlation is negative or positive
 - D. None of these alternatives is correct
- ANS: B
12. In regression, the equation that describes how the response variable (y) is related to the explanatory variable (x) is:
- A. the correlation model
 - B. the regression model
 - C. used to compute the correlation coefficient
 - D. None of these alternatives is correct.
- ANS: B
13. In regression analysis, the variable that is being predicted is the:
- A. Response, or dependent, variable
 - B. Independent variable
 - C. intervening variable
 - D. is usually x
- ANS: A
14. In a regression analysis if $r^2 = 1$, then :
- A. SSE must also be equal to one
 - B. SSE must be equal to zero
 - C. SSE can be any positive value

D. SSE must be negative

ANS: B

15. The coefficient of correlation:

- A. is the square of the coefficient of determination
- B. is the square root of the coefficient of determination
- C. is the same as r-square
- D. can never be negative

ANS: E

16. In regression analysis, the variable that is used to explain the change in the outcome of an experiment, or some natural process, is called:

- A. the x-variable
- B. the independent variable
- C. the predictor variable
- D. the explanatory variable
- E. all of the above (a-d) are correct
- F. none are correct

ANS: C

17. If the coefficient of determination is a positive value, then the regression equation:

- A. must have a positive slope
- B. must have a negative slope
- C. could have either a positive or a negative slope
- D. must have a positive y intercept

ANS: C

18. If two variables, x and y, have a very strong linear relationship, then:

- A. there is evidence that x causes a change in y
- B. there is evidence that y causes a change in x
- C. there might not be any causal relationship between x and y
- D. None of these alternatives is correct.

ANS: A

19. If the coefficient of determination is equal to 1, then the correlation coefficient :

- A. must also be equal to 1.
- B. can be either -1 or +1.
- C. can be any value between -1 to +1
- D. must be -1

ANS: B

20. In regression analysis, if the independent variable is measured in kilograms, the dependent variable:

- A. must also be in kilograms
- B. must be in some unit of weight
- C. cannot be in kilograms

D. can be any units

ANS: D

21. The strength (degree) of the correlation between a set of independent variables X and a dependent variable Y is measured by
- A. Coefficient of Correlation
 - B. Coefficient of Determination
 - C. Standard error of estimate
 - D. All of the above

ANS: A

22. The percent of total variation of the dependent variable Y explained by the set of independent variables X is measured by:

- A. Coefficient of Correlation
- B. Coefficient of Skewness
- C. Coefficient of Determination
- D. Standard error

ANS: C

23. A coefficient of correlation is computed to be -0.95 means that:

- A. The relationship between two variables is weak
- B. The relationship between two variables is strong and positive
- C. The relationship between two variables is strong and but negative
- D. Correlation coefficient cannot have this value

ANS: C

24. Let the coefficient of determination computed to be 0.39 in a problem involving one independent variable and one dependent variable. This result means that:

- A. The relationship between two variables is negative
- B. The correlation coefficient is 0.39 also
- C. 39% of the total variation is explained by the independent variable
- D. 39% of the total variation is explained by the dependent variable

ANS: C

25. Relationship between correlation coefficient and coefficient of determination is that:

- A. both are unrelated
- B. The coefficient of determination is the coefficient of correlation squared
- C. The coefficient of determination is the square root of the coefficient of correlation
- D. both are equal

ANS: B

26. The value of a correlation is reported by a researcher to be $r = -0.5$. Which of the following statements is correct?

- A. The x-variable explains 25% of the variability in the y-variable.
- B. The x-variable explains -25% of the variability in the y-variable.
- C. The x-variable explains 50% of the variability in the y-variable.

D. The x-variable explains -50% of the variability in the y-variable.

ANS: A

27. Past data has shown that the regression line relating the final exam score and the midterm exam score for students who take statistics from a certain professor is:

$$\text{final exam} = 50 + 0.5 \times \text{midterm}$$

One interpretation of the slope is

- A. a student who scored 0 on the midterm would be predicted to score 50 on the final exam.
- B. a student who scored 0 on the final exam would be predicted to score 50 on the midterm exam.
- C. a student who scored 10 points higher than another student on the midterm would be predicted to score 5 points higher than the other student on the final exam.
- D. students only receive half as much credit (.5) for a correct answer on the final exam compared to a correct answer on the midterm exam.

ANS: C

28. One use of a regression line is

- A. to determine if any x-values are outliers.
- B. to determine if any y-values are outliers.
- C. to determine if a change in x causes a change in y.
- D. to estimate the change in y for a one-unit change in x.

ANS: D

29. The percent of total variation of the dependent variable Y explained by the set of independent variables X is measured by

- A. Coefficient of Correlation
- B. Coefficient of Skewness
- C. Coefficient of Determination
- D. Standard Error or Estimate

ANS: C

30. The strength (degree) of the correlation between a set of independent variables X and a dependent variable Y is measured by

- A. Coefficient of Correlation
- B. Coefficient of Determination
- C. Standard error of estimate
- D. All of the above

ANS: D

31. A coefficient of correlation is computed to be -0.95 means that

- A. The relationship between two variables is weak.
- B. The relationship between two variables is strong and positive
- C. The relationship between two variables is strong and but negative
- D. Correlation coefficient cannot have this value

ANS: C

32. Relationship between correlation coefficient and coefficient of determination is that
- both are unrelated
 - The coefficient of determination is the coefficient of correlation squared
 - The coefficient of determination is the square root of the coefficient of correlation
 - both are equal
- ANS: B
33. The sample coefficient of correlation
- Has the same sign as the slope, i.e. β
 - Can range from -1.00 up to 2.00
 - Is also called Peterson's r
 - Can range from -3.00 up to 2.00
- ANS: A
34. The regression equation is the line with slope a passing through
- The point (\bar{X}, \bar{Y})
 - The point (Y, X)
 - The point (X, Y)
 - The point (\bar{Y}, \bar{X})
- ANS: A
35. In regression equation $y = a + \beta x + e$, both x and y variables are
- y is fixed and x is random
 - Random
 - Fixed
 - x is fixed and y is random
- ANS: D

II SHORT ANSWER TYPE QUESTIONS:

- Define Correlation. Explain various types of correlation with examples.
- What is meant by coefficient of correlation between two variables? Also distinguish between positive and negative correlation.
- Does correlation signify the existence of cause and effect relationship between two variables?
- What is scatter diagram and how is it useful in the study of correlation?
- How does a scatter diagram help in ascertaining the degree of correlation between two variables? Explain with suitable examples.
- Give suitable diagrams to show perfect positive and perfect negative correlations.
- Distinguish between correlation and causation. State the uses of correlation in practical life.
- What is meant by coefficient of correlation between two variables? Also distinguish between positive correlation and negative correlation.
- Define Karl Pearson's Coefficient of correlation.
- State any two of the properties of Karl Pearson's Coefficient of Correlation.

11. Write the formula of Karl Pearson's coefficient of correlation when deviations are taken from assumed arithmetic mean.
12. What is Spearman's Rank Correlation? When is it calculated?
13. State the merits and demerits of Spearman's Rank Correlation method.
14. Explain Karl Pearson's Coefficient of Correlation v/s rank Correlation.
15. What do you mean by regression? Why are there two regression lines in a bivariate series? Can there be one regression line?
16. What is regression coefficient? How is it different from coefficient of correlation?
17. Distinguish between correlation and regression.
18. State two properties of regression coefficients.
19. The covariance between the length and weight of five items is 6 and their standard deviations are 2.45 and 2.61 respectively. Find the coefficient of correlation between length and weight.
20. The coefficient of correlation between two variables X and Y is 0.4 and their covariance is 10. If the variance of X series is 9, find the standard deviation of Y series.
21. Find the coefficient of correlation between X and Y if covariance between X and Y is 10 and the variance of X and Y are respectively 16 and 9.
22. The coefficient of correlation between two variables X and Y is 0.8 and their covariance is 20. If the variance of X series is 16, find the standard deviation of Y series.
23. If the sum of squares of the rank differences of 9 pairs of values is 80, find the correlation coefficient between them.
24. In a bivariate data of 9 pairs of observations, the sum of square of difference between the ranks of observed values of two variables is 231 and the rank correlation coefficient is -0.4 . Find the value of n.
25. The coefficient of rank correlation between debenture prices and share prices of a company is found to be 0.143. If the sum of the squares of the difference in ranks is 48, find the value of n.
26. What is non linear correlation?
27. What is linear correlation?
28. What is positive correlation?
29. What is negative correlation?
30. What is partial and multiple correlation?

III LONG ANSWER TYPE QUESTIONS:

1. The coefficient of rank correlation of the marks obtained by 10 students in statistics and accountancy was found to be 0.2. It was later discovered that the difference in ranks in the two subjects obtained by one of the students was wrongly taken as 9 instead of 7. Find the correct value of coefficient of rank correlation.
2. From the following data, calculate the Karl Pearson's Coefficient of Correlation between age of students and their playing habits:

Age (years)	15	16	17	18	19	20
No. of Students	300	250	200	150	100	80
Regular Players	240	180	126	60	30	12

3. Calculate the mean values of variables X and Y from the following regression equations-
 $6X - 7Y + 33 = 0$ and $9X + 5Y - 69 = 0$

4. Obtain the two regression equations from the following data:

	X	Y
Mean	28	42
Standard Deviation	10	8
Coefficient of Correlation, r	-0.8	

Using the equations, estimate the value of Y when X = 30 and the value of X when Y = 42.

5. Calculate the coefficient of Rank Correlation from the following data:

X	8	14	9	20	24	18
Y	26	18	12	12	9	2

6. Two judges in a beauty competition rank the 12 entries as follows:

X	1	2	3	4	5	6	7	8	9	10	11	12
Y	12	9	6	10	3	5	4	7	8	2	11	1

What degree of agreement is there between the judgement of the two judges?

7. Given Variance = 9 and Regression Equations: $4X - 5Y + 33 = 0$, $20X - 9Y - 107 = 0$.
 Find (a) Mean of X and Mean of Y (b) Standard Deviation of Y (c) r (coefficient of correlation).
8. From the following data, calculate the Karl Pearson's Coefficient of Correlation between age of students and their playing habits:

Age	15	16	17	18	19	20
No. of students	250	200	150	120	100	80
Regular Players	200	150	90	48	30	12

9. The age and blood pressure of 10 university teachers are:

Age	46	45	36	47	49	42	60	72	63	55
Blood Pressure	147	125	118	140	142	145	155	160	148	151

- a) Find the correlation coefficient between age and blood pressure.
 b) Determine the least square regression equation of blood pressure on age.
 c) Estimate the blood pressure of a teacher whose age is 35 years.
10. What is Spearman's rank correlation? When is it calculated?
11. Consider the following data set:

Week	1	2	3	4	5	6
Sales	2.69	2.62	2.80	2.70	2.55	2.93

Find the correlation coefficient between sales and week.

12. Write short notes on:
 a) Spearman's Rank Correlation Coefficient
 b) Karl Pearson's Correlation Coefficient

13. Draw a scatter diagram for the following data:

Height (in inches)	62	72	70	60	67	70	64	65	60	70
Weight (in Kgs)	50	65	63	52	56	60	59	58	54	65

Also indicate whether correlation is positive or negative.

14. The coefficient of correlation between two variables X and Y is 0.4 and their covariance is 10. If the variance of X series is 9, find the standard deviation of Y series.
15. The deviations from the respective means of X and Y series are given below:

X	-4	-3	-2	-1	0	1	2	3	4
Y	3	-3	-4	0	4	1	2	-2	-1

Calculate the Karl Pearson's Coefficient of Correlation from the above data.

16. From the following data, calculate Karl Pearson's Coefficient of Correlation:

Expenditure (X)	39	65	62	90	82	75	25	98	36	78
Sales (Y)	47	53	58	86	62	68	60	91	51	84

17. Calculate Karl Pearson's Coefficient of Correlation between variables X and Y using the following data:

X	25	40	30	25	10	5	10	15	30	20
Y	10	25	40	15	20	40	28	22	15	5

18. Find Karl Pearson's Coefficient of Correlation between the age of students and their playing habits from the following information:

Age (in years)	15	16	17	18	19	20
No. of students	300	250	200	150	100	80
No. of players	240	180	126	60	30	12

19. The coefficient of rank correlation of the marks obtained by 10 students in statistics and accountancy was found to be 0.2. It was later discovered that the difference in ranks in the two subjects obtained by one of the students was wrongly taken as 9 instead of 7. Find the correct value of coefficient of rank correlation.

20. Calculate Spearman's Coefficient of rank Correlation from the following data:

X	57	16	24	65	16	16	9	40	33	48
Y	19	6	9	20	4	15	6	24	13	13

21. What are the merits and demerits of Karl Pearson's Correlation Coefficient in comparison to Spearman's Correlation Coefficient.
22. What are different methods of calculating correlation? Explain the methods in details with formulas.
23. What is the difference between correlation and regression?
24. What is regression? What are the different properties of regression?
25. Explain Least Square Approach of calculating Regression.
26. Explain in detail the difference between positive and negative correlation?

27. What is difference among simple, partial and multiple correlation?
28. Explain in detail the difference between linear and non linear correlation?
29. What are the pitfall and limitations associated with regression analysis?
30. What are the pitfall and limitations associated with correlation analysis?

UNIT – IV

I MULTIPLE CHOICE QUESTIONS:

1. A series of numerical figures which show the relative position is called
 - A. index no.
 - B. relative no.
 - C. absolute no.
 - D. noneANS: A

2. Index no. for the base period is always taken as
 - A. 200
 - B. 50
 - C. 1
 - D. 100ANS: D

3. _____ play a very important part in the construction of index nos
 - A. weights
 - B. classes
 - C. estimations
 - D. noneANS: A

4. _____ is particularly suitable for the construction of index nos.
 - A. H.M
 - B. A.M.
 - C. G.M
 - D. NoneANS: C

5. Index nos. show _____ changes rather than absolute amounts of change.
 - A. Relative
 - B. Percentage
 - C. Both
 - D. NoneANS: B

6. The ___ makes index nos. time-reversible

- A. A.M
- B. G.M.
- C. H.M
- D. None

ANS: B

7. Index no. is equal to

- A. sum of price relatives
- B. average of the price relatives
- C. product of price relative
- D. none

ANS: B

8. The ___ of group indices given the General Index

- A. H.M.
- B. G.M.
- C. A.M
- D. none

ANS: C

9. Circular Test is one of the tests of

- A. index no's
- B. hypothesis
- C. both
- D. none

ANS: A

10. ___ is an extension of time reversal test

- A. Factor Reversal test
- B. Circular test
- C. Both
- D. None

ANS: B

11. Weighted G.M. of relative formula satisfy test

- A. Time Reversal Test
- B. Circular test
- C. Factor Reversal Test
- D. None

ANS: A

12. Factor Reversal test is satisfied by:
A. Fisher's Ideal Index
B. Laspeyres Index
C. Paasches Index
D. None
ANS: A
13. Laspeyre's formula does not obey:
A. Factor Reversal Test
B. Time Reversal Test
C. Circular Test
D. None
ANS: B
14. A ratio or an average of ratios expressed as a percentage is called
A. a relative no
B. an absolute no.
C. an index no.
D. none
ANS: C
15. The value at the base time period serves as the standard point of comparison
A. False
B. True
C. Both
D. None
ANS: B
16. An index time series is a list of nos. for two or more periods of time
A. Index
B. Absolute
C. Relative
D. None
ANS: A
17. Index nos. are often constructed from the
A. Frequency
B. Class
C. Sample
D. None
ANS: C
18. _____ is a point of reference in comparing various data describing individual behavior.
A. Sample
B. Base period

- C. Estimation
- D. None

ANS: B

19. The ratio of price of single commodity in a given period to its price in another period is called the
- A. base period
 - B. price ratio
 - C. relative price
 - D. none

ANS: A

20. P01 is the index for time
- A. 1 on 0
 - B. 0 on 1
 - C. 1 on 1
 - D. 0 on 0

ANS: A

21. When the price of a divided by the price of the preceding year, we, get:
- A. Value index
 - B. Link relative
 - C. Simple relative
 - D. None of them

ANS: B

22. The most appropriate average in averaging the price relatives is:
- A. Median
 - B. Harmonic mean
 - C. Arithmetic mean
 - D. Geometric mean

ANS: D

23. In constructing index number geometric mean relatives are:
- A. Non-reversible
 - B. Reciprocal
 - C. Reversible
 - D. None of them

ANS: C

24. The general purchasing power of the currency of a country is determined by:
- A. Retail price index
 - B. Volume index
 - C. Composite index
 - D. Whole-sale price index

ANS: D

25. What type of index number can help the government to formulate its price policies and to take appropriate economic measures to control prices:
- A. Whole sale price index
 - B. Consumer's price
 - C. Quantity
 - D. None of them
- ANS: B
26. Which of the following is a component of timer series;
- A. Secular trend
 - B. Correlation
 - C. Regression
 - D. Consumer price index
- ANS: A
27. Which of the following is a method of measuring trend:
- A. Freehand curve
 - B. Bar graph
 - C. Histogram
 - D. System Analysis
- ANS: A
28. Cyclical variations are caused by-
- A. Trade business cycles
 - B. Elections
 - C. Changes in foreign exchange
 - D. Changes in interest rates
- ANS: A
29. Periodic movements with duration longer than a year are called-
- A. Seasonal movements
 - B. Cyclic movements
 - C. Social movements
 - D. Cultural movements
- ANS: B
30. Seasonal variations are short term variations with period-
- A. less than 6 months
 - B. less than 5 years
 - C. less than 1 year
 - D. more than 10 years
- ANS: C

31. The component of time series useful for long term forecasting is-
- A. Secular trend
 - B. Seasonal variation
 - C. Cyclical variation
 - D. Irregular variation
- ANS: A
32. If the growth rate is constant, the trend is –
- A. linear
 - B. non linear
 - C. curvy
 - D. wavy
- ANS: A
33. An index time series is a list of nos. for two or more periods of time
- A. Index
 - B. Absolute
 - C. Relative
 - D. None
- ANS: A
34. Index nos. are often constructed from the
- A. Frequency
 - B. Class
 - C. Sample
 - D. None
- ANS: C
35. The trend line $Y=a+bX$ obtained by the least Squares method is known as the line of
- A. best fit
 - B. fit best
 - C. best neutral
 - D. nonlinear fit
- ANS: A

II SHORT ANSWER TYPE QUESTIONS:

1. What are index numbers?
2. What are the characteristics of index numbers?
3. What are the main objectives of calculating index numbers?
4. What are the various uses of index numbers?
5. What are the various types of Index numbers?
6. What are the various problems faced in calculating index numbers?
7. What are the methods of calculating index numbers?
8. What is price index?

9. What is quantity index?
10. What is value index?
11. What are chain index numbers?
12. What is the test to check consistency of Index numbers?
13. What is secular trend?
14. What are cyclical variations?
15. What are seasonal variations?
16. What are irregular variations?
17. Difference between seasonal and irregular variations.
18. What are the various methods of forecasting?
19. What is Test of Adequacy?
20. Define Laspeyres Index.
21. Define Paasche's Index.
22. Define Fisher's Index.
23. What is factor reversal test?
24. What is unit test?
25. What is time reversal test?
26. What is the difference between price index and quantity index?
27. What is the difference between Fisher's index and Paasche's Index?
28. What is base shifting?
29. What is splicing in index numbers?
30. What is consumer price index?

II LONG ANSWER TYPE QUESTIONS:

1. What is Index Numbers? Give the importance or utility of Index Numbers?
2. What is Base Year. Distinguish between Fixed Base Method and Chain Base Method
3. Give the types of Weights. Why are Weights used in construction of Index Numbers?
4. Explain the various methods of constructing Index Numbers?
5. Fisher's Formula is called the Ideal Formula. Why?
6. What is Splicing? How is it useful? How it can be improved?
7. Illustrate the importance of Index numbers. Relate it to the current scenarios in the Indian economy.
8. Explain the various tests of adequacy of Index Number.
9. What do you mean by Deflating of Index Numbers?
10. What do you understand by base Shifting? Give the formula for converting the Fixed Base Index Number to Chain Base Index Number.
11. What are the methods of constructing Consumer Price Index or Cost of Living Index Numbers?

12. Compute Fisher's Ideal Index from the following data:

Base Commodities	Year		Current Year	
	Price	Quantity	Price	Quantity
A	4	3	6	2
B	5	4	0	4
C	7	2	9	2
D	2	3	1	5

Show how it satisfies the time and factor reversal tests.

13. Construct the price index number for 2003, taking the year 2000 as base year

Commodity	Price in the year	
	2000	2003
A	60	80
B	50	60
C	70	100
D	120	160
E	100	150

14. Compute the index number for the years 2001, 2002, 2003 and 2004, taking 2000 as base year, from the following data :

Year	2000	2001	2002	2003	2004
Price	120	144	168	204	216

Prepare simple aggregative price index number from the following data

15. Find the simple aggregative index number for each of the following :For the year 2000 with 1980 as base year

Commodity	Price in 1980	Price in 2000
A	200	250
B	110	150
C	20	30
D	210	250
E	25	25

16. For the years 1999, 2000, 2001, 2002, 2003 taking 1998 as base year

Year	1998	1999	2000	2001	2002	2003
Price	20	25	28	30	35	40

17. For the years 2001 and 2002 taking 1999 as base year.

Commodity	A	B	C	D	E	F
price in 1999	10	25	40	30	25	100
2001	12	30	50	30	25	110
2002	15	30	60	40	30	120

18. Construct by simple average of price relative method the price index of 2004, taking 1999 as base year from the following data :

Commodity	A	B	C	D	E	F
Price (in 1999)	60	50	60	50	25	20
Price (in 2004)	80	60	72	75	$37\frac{1}{2}$	30

19. Using Simple Average of Relatives Method, find price index for each of the following :
For 2004, taking 2000 as base year

Commodity	A	B	C	D	E
Price in 2000	15	16	60	40	20
Price in 2004	20	20	80	50	25

20. Using Simple Average of Price Relative Method, find the price index for each of the following: For 2000, taking 1998 as base year.

Commodity	A	B	C	D	E
Price (in Rs.) 1998	12	20	24	28	20
Price (in Rs.) 2000	16	25	30	35	26

21. Draw a time series graph of the daily amount of rainfall (in millimetres) based on the following recorded data.

Time (day t)	1	2	3	4	5	6	7	8
Amount of rainfall (y mm)	45	20	40	38	42	15	10	22

22. Construct Index Number of prices from the following data by:
- Laspeyre's method
 - Paasche's method
 - Fisher's method

Commodities	1994		1995	
	Price (Rs.)	Value (Rs.)	Price (Rs.)	Value (Rs.)
A	8	100	10	90
B	10	60	11	66
C	5	100	5	100
D	3	30	2	24
E	2	8	4	20

23. Construct the price index number for 2013, taking the year 2010 as base year

Commodity	Price in the year	
	2010	2013
A	60	80
B	50	60
C	70	100
D	120	160
E	150	160

24. Represent time series graph of the daily amount of rainfall (in millimetres) based on the following recorded data.

Time (day t)	1	2	3	4	5	6	7	8
Amount of rainfall (y mm)	45	20	40	38	42	15	10	22

25. The following data relate to salaries of the employees of the factory.

	Morning Shift	Evening Shift
Mean Salary per month (Rs.)	14,300	18,600
Standard Deviation of Salary (Rs.)	1,250	1,320
Number of Employees	40	30

How can this be represented as time series graph?

26. Calculate Fisher's Ideal index from the following data and prove that it satisfies both time reversal and factor reversal tests:

2013			2014	
Commodity	Price	Expenditure	Price	Expenditure
A	8	80	10	120
B	10	120	12	96
C	5	40	5	50
D	4	56	3	60
E	20	100	25	150

27. Assuming the trend is absent, determine if there is any seasonality in the data given below:

Year	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
2014	3.7	4.1	3.3	3.5
2015	3.7	3.9	3.6	3.6
2016	4.0	4.1	3.3	3.1
2017	3.3	4.4	4.0	4.0

What are the seasonal indices for various quarters?

28. Explain in detail the uses of consumer price index numbers?
 29. Explain the aggregate expenditure method and family budget method of constructing consumer price index?
 30. What are the components of a time series? Explain them in detail.

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QUESTION BANK
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UNIT – I

I MULTIPLE CHOICE QUESTIONS:

1. Which accounting concept satisfy the valuation criteria
A. Going concern, Realization, Cost
B. Going concern, Cost, Dual aspect
C. Cost, Dual aspect, Conservatism
D. Realization, Conservatism, Going concern.
ANS: A

2. A trader has made a sale of Rs.75,500 out of which cash sales amounted to Rs.25,500. He showed trade receivables on 31-3-2014 at Rs.25,500. Which concept is followed by him?
A. Going concern
B. Cost
C. Accrual
D. Money measurement
ANS: C

3. In which of the following cases, accounting estimates are needed?
A. Employs benefit schemes
B. Impairment of losses
C. Inventory obsolescence
D. All of the above
ANS: D

4. Diwali advance given to an employee is
A. Revenue Expenditure
B. Capital Expenditure
C. Deferred Revenue Expenditure
D. Not an Expenditure
ANS: D

5. A firm has reported a profit of Rs.1,47,000 for the year ended 31-3-2014 after taking into consideration the following items.
(i) The cost of an asset Rs.23,000 has been taken as an expense
(ii) The firm anticipated a profit of Rs.12,000 on the sale of an old furniture
(iii) Salary of Rs.7,000 outstanding for the year has not been taken into account.
(iv) An asset of Rs.85,000 was purchased for Rs.75,000 and was recorded in the books at Rs.85,000.

What is the correct amount of profit to be reported in the books?

- A. Rs.1,47,000

- B. Rs. 1,51,000
- C. Rs.1,63,000
- D. Rs.1,41,000

ANS: B

6. The process of recording financial data upto trial balance is
- A. Book keeping
 - B. Classifying
 - C. Summarizing
 - D. Analyzing

ANS: A

7. Rohit carrying on real estate business sold a piece of land for Rs.4,00,00,000 (cost Rs.3,50,00,000) then the type of receipt is _____ nature and profit on sale is
- A. Capital & transferred to capital reserve
 - B. Revenue & transferred to P & L a/c c)
 - C. Capital & transferred to P & L a/c
 - D. Revenue & transferred to general reserve

ANS: B

8. In income measurement & recognition of assets & liabilities which of the following concepts goes together ?
- A. Periodicity, Accrual, Matching
 - B. Cost, Accrual, matching
 - C. Going concern, cost, Realization
 - D. Going concern, Periodicity, Reliability

ANS : A

9. Interpretation means
- A. Explanation of meaning and significance of the data in Financial Statements.
 - B. Concerned with preparation and presentation of classified data
 - C. Systematic analysis of recorded data
 - D. Methodical classification of data given in Financial Statements.

ANS: A

10. A trader purchases goods for Rs. 2500000, of these 70% of goods were sold during the year. At the end of 31st December 2009, the market value of such goods were Rs. 500000. But the trader recorded in his books for Rs. 750000. Which of the following concept is violated?
- A. Money measurement
 - B. Conservatism
 - C. Consistency
 - D. None of these

ANS: B

11. Which of the following is wrong?
A. All real and personal accounts are transferred to balance sheet
B. Nominal accounts are transferred to P & L account
C. Each account is opened separately in ledger
D. Rent is a personal account, outstanding rent is nominal account
ANS : D
12. What is root cause for financial accounting
A. Stewardship accounting
B. Social accounting
C. Management accounting
D. Human resource accounting
ANS : A
13. If nothing is given in the financial statements about the three accounting assumptions then it is to be treated as it
A. Is assumed that it is not followed
B. Is assumed to be followed
C. Is assumed to be followed to some extent
D. None of the above
ANS : B
14. The proprietor of the business is treated as creditor for the capital introduced by him due to _____ concept.
A. Money measurement
B. Cost
C. Entity
D. Dual aspect
ANS : C
15. Fixed assets are held by business for _____
A. Converting into cash
B. Generating revenue
C. Resale
D. None of the above
ANS : B
16. Which accounting concept specifies the practice of crediting closing stock to the trading account?
A. Cost
B. Realization
C. Going concern
D. Matching
ANS : D

17. Amount spent to increasing the earning capacity is a _____ expenditure
- A. Capital
 - B. Revenue
 - C. Deferred revenue
 - D. Capital Loss
- ANS : A
18. Change in the capital A/c of proprietor may occur due to _____
- A. Profit earned
 - B. Loss incurred
 - C. Capital Introduced
 - D. All of the above
- ANS : D
19. Consistency with reference to application of accounting procedures means
- A. All companies in the same Industry should use identical accounting procedures
 - B. Income & assets have not been overstated
 - C. Accounting methods & procedures shall be followed uniform basis year after year
 - D. Any accounting method can be followed as per convenience
- ANS : C
20. If one of the cars purchased by a car dealer is used for business purpose, instead of resale, then it should be recorded by _____
- A. Dr Drawing A/c & Cr Purchases A/c
 - B. Dr Office Expenses A/c & Cr Motor Car A/c
 - C. Dr Motor Car A/c & Cr Purchases A/c
 - D. Dr Motor Car & Cr Sales A/c
- ANS : C
21. If wages are paid for construction of business premises _____ A/c is credited and _A/c is debited.
- A. Wages, Cash
 - B. Premises, Cash
 - C. Cash, Wages
 - D. Cash, Premises
- ANS : D
22. Human resources will not appear in the balance sheet according to _____ concept.
- A. Accrual
 - B. Going concern
 - C. Money measurement concept
 - D. None
- ANS : C

23. Provision for discount on debtors is calculated on the amount of debtors.
- A. Before deducting provision for doubtful debts.
 - B. After deducting provision for doubtful debts.
 - C. Before deducting actual debts and provision for doubtful debts.
 - D. After adding actual bad and doubtful debts.
- ANS : B
24. Which of the following is not a Real Account?
- A. Cash A/c
 - B. Investments A/c
 - C. Outstanding rent A/c
 - D. Purchases A/c
- ANS : C
25. Value of goods withdrawn by the proprietor for his personal use should be credited to _____ Capital A/c
- A. Sales A/c
 - B. Drawings A/c
 - C. Purchases A/c
- ANS : D
26. Which of the following is incorrect?
- A. Good will intangible asset
 - B. Sundry debtors - current asset
 - C. Loose tools tangible fixed asset
 - D. Outstanding expenses -current asset.
- ANS : D
27. M/s Stationery Mart will debit the purchase of stationery to _____
- A. Purchases A/c
 - B. General Expenses A/c
 - C. Stationery A/c
 - D. None
- ANS : A
28. Small items like, pencils, pens, files, etc. are written off within a year according to _ concept.
- A. Materiality
 - B. consistency
 - C. Conservatism
 - D. Realization
- ANS : A
29. Business enterprise is separate from its owner according to _____ concept.
- A. Money measurement concept
 - B. Matching concept

- C. Entity concept
- D. Dual aspect

ANS : C

30. The policy of anticipate no profit and provide for all possible losses arise due to the concept of _____
- A. Consistency
 - B. Disclosure
 - C. Conservatism
 - D. Matching

ANS : C

31. The debts, which are to be repaid within a short period (year or less) are known as
- A. Current liabilities
 - B. Fixed liabilities
 - C. Contingent liabilities
 - D. All of the above

ANS : A

32. The Convention of Conservatism takes into account
- A. All prospective profits and prospective losses.
 - B. All prospective profits and leaves out prospective losses.
 - C. All prospective losses but leaves out prospective profit.
 - D. None of these.

ANS : C

33. Any written evidence in support of a business transaction is called:
- A. Journal
 - B. Ledger
 - C. Ledger posting
 - D. Voucher

ANS : B

34. According to the money measurement concept, the following will be recorded in the books of account of the business:
- A. Health of Managing Director of the company
 - B. Quality of company's goods
 - C. Value of Plant & Machinery
 - D. Strike by employees

ANS : C

35. Double Entry System was introduced in—
- A. America
 - B. Japan
 - C. India
 - D. Italy

ANS : A

II SHORT ANSWER TYPE QUESTIONS:

1. What is the difference between book keeping and accounting?
2. What is nature of accounting? What are limitations of accounting?
3. What are different branches of accounting?
4. What are the golden rules of accounts?
5. What is contra entry?
6. What do you mean by IFRS?
7. Differentiate between concept and convention.
8. What do you mean by contingent liability?
9. Differentiate between accounts receivable and debtors.
10. What is classification of assets?
11. Write short note on:
 - a. Money measurement concept
 - b. Dual aspect concept
 - c. Periodic matching of cost and revenue concept
 - d. Business entity concept
12. What is capital?
13. What do you mean by accounting equation?
14. Write a short note on accounting standards?
15. What is the difference between outstanding income and accrued income?
16. What is convention of materiality?
17. What is principle of full disclosure?
18. What is Financial Accounting?
19. What is AS 3?
20. What is IND AS?
21. What are different types of accounts?
22. What is accounting?
23. What are different types of liabilities?
24. Explain GAAP.
25. Elaborate different users of accounting.
26. What is capital?
27. What do you mean by accounting equation?
28. Write a short note on accounting standards?
29. What is the difference between outstanding income and accrued income?
30. What is convention of materiality?

III LONG ANSWER TYPE QUESTIONS:

1. What are the accounting concepts and conventions? Name them and explain any four accounting concepts in detail?
2. Explain the role of IFRS in accounting.
3. What is difference between financial accounting and management accounting? What are the different users of accounting?

4. What are various functions of accounting?
 5. Karan commenced business as on January 01, 2001. Given below are his transactions for the month of Jan. 2001. Journalize and post them in the ledger them.

Date	Particulars	Amount(Rs.)
Jan. 1	Business commenced with a capital	20,000
Jan. 2	Bank account opened by depositing cash	10,000
Jan. 3	Goods purchased from Rohan on credit	5,000
Jan. 5	Goods sold to Piyush on credit	4,000
Jan. 7	Goods purchased from Jyoti on credit	6,000
Jan. 8	Wages paid to employees	200
Jan. 9	Goods sold to Mayank on credit	5,000
Jan.10	Debt paid for the months of January to March 2001	3,000
Jan.10	Cheque received from Piyush	4,000
Jan.12	Paid for office expenses	1,000
Jan.12	Sold Goods to Jagdish on cash	2,000
Jan.13	Cheque issued in favor of Jyoti	6,000
Jan.15	Cash withdrawn for personal use	2,000

6. From the following transaction of M/S Abhinav, write up the journal in proper form:

1998	Particulars	Amount(Rs.)
Jan 1	Assets: cash in hand Rs. 2,000, cash at bank Rs. 68,000, stock of goods Rs. 4,0000, Machinery Rs. 1,00000, Furniture Rs. 1,0000, M/S Surya Bros. owe Rs. 15,000, M/s Bharat Bros. owe Rs. 25,000. Liabilities: Loan Rs. 5,0000, Sum owing to jatin Ltd. Rs. 2,0000	
Jan 2	Bought goods on credit from Samuel & Co.	10,000
Jan3	Sold goods for cash to Dhiraj& Co.	4,000
Jan 4	Sold goods to Surya Bros on Credit	1,0000
Jan 5	Received from Surya Bros. in full settlement of amount due on Jan 1	14500
Jan 6	Payment made to Jatin Bros Ltd. By cheque They allowed discount Rs. 250	9750
Jan 9	Old furniture sold for cash	1,000
Jan 10	Bought sold for cash	7500
Jan 11	Bharat Bros. pay by cheque; Cheque deposited in Bank	25,000
Jan 11	Paid carriage on these goods	1,000
Jan 13	Bought goods of Jatin Bros. Ltd.	1,0000
Jan 13	Paid carriage on these goods	500
Jan 16	Received cheque from Surya Bros., cheque deposited in bank Discount allowed to them 500	9500
Jan 17	Paid cheque to Jatin Bros Ltd	1,0000
Jan 18	Bank intimates that cheque of Surya Bros has been returned unpaid	

Jan 19	Sold goods for cash to Kay Bros.	6,000
Jan 21	Cash deposited in bank	5,000
Jan 24	Paid municipal taxes in Delhi	1,000
Jan 25	Borrowed from Sachin Investment Co. Ltd for constructing own premises. Money deposited with bank for the time being	1,0000
Jan 26	Old newspaper sold	200
Jan 28	Paid for advertisement	1,000
Jan 31	Paid rent by cheque	1500
	Paid rent for the month	3,000
	Drew out of bank for private use	2500
	Surya Bros. becomes insolvent, a dividend of 50 p. in a rupee is received an old amount, written off as bad debts in 1996 is recovered.	

7 From the following transactions relating to Mr. Abhay Kumar. Show the effect on his assets, liabilities and capital by using the accounting equation:

Particulars	Amount
Started business with cash	1,0000
Purchased goods on credit	8,000
Plant purchased for cash	2,000
Sold goods costing	1,000
Sold goods costing for cash	2,000
Drew for personal use	500
Paid for salaries	300
Sold goods on credit to Manan costing Rs800 for	1500
Received cash from Mayank	700

8 State with reasons which of the following items should be taken as of a Capital and Which of a revenue nature:

- (i) Rs. 2,000 spent on dismantling, removing and reinstalling plant and machinery to a more convenient site.
- (ii) Rs. 600 paid for removal of stick to a new site.
- (iii) Rs. 1000 paid for erection of a new machine.
- (iv) Rs. 2,000 paid on repairing of the new factory.

9 Journalize the following transactions:

- a) Shweta commenced business with Cash Rs. 10,00,000 and Furniture Rs. 20,000
- b) Paid into Bank Rs. 10,000
- c) Purchased goods from Raman at a list price of Rs. 10,000 at 10% trade discount.
- d) Paid to Raman 7,800 by cheque in full settlement.
- e) Rs. 2,600 payable by Karan was written off as bad debts.
- f) Goods destroyed by fire Rs.3000
- g) Karan was declared as insolvent and received from his official receiver a first and final dividend of 75 paise in a rupee against the debt of Rs. 2,600

- h) Received Commission Rs. 5,000
i) Goods worth Rs. 30,000 distributed as free samples
- 10 Record the following transactions in Accounting Equation and prepare the Balance Sheet: 2013
1 May Sachin started business with cash Rs. 5,00,000, Bank balance Rs. 4,00,000, Furniture Rs. 60,000, Stock Rs. 50,000
3 May Purchased goods in Cash Rs.20, 000
5 May Goods worth Rs.2000 destroyed by fire
8 May Withdrawn Cash for personal use Rs.4000
10 May Sold goods (costing Rs.2000) for Rs.3000
12 May Purchased Machinery Rs.40000 from Rohit
15 May Paid rent Rs.6000
18 May Received Commission Rs.6000
25May Goods distributed as free samples worth Rs.4000
28May Depreciation on Furniture @10% p.a.
- 11 What is financial accounting? What are the features of accounting?
12 “Accounting is an art of identifying, recording, classifying, summarizing, interpreting and communicating results thereof.” Explain the statement.
13 What are accounting standards? What are the objectives of accounting standards?
14 Differentiate between the accounting convention of materiality and full disclosure.
15 “Do not anticipate any profits but provide for all losses.” Explain the statement in light of accounting convention by giving example.
- 15 Journalize the following transactions:
(a) Ram commenced business with Cash Rs. 1,00,000 and Furniture Rs. 20,000
(b) Withdrew goods for personal use Rs.2000
(c) Purchased goods from Ankit at a list price of Rs. 10,000. A trade discount of 10% was allowed.
(d) Paid to Ankit 7,800 by cheque in full settlement.
(e) Goods destroyed by fire Rs.3000
(f) Rs. 2,600 payable by Rajan was written off as bad debts.
(g) Rajan was declared as insolvent and received from his official receiver a first and final dividend of 75 paise in a rupee against the debt of Rs. 2,600
(h) Paid into Bank Rs. 50,000
(i) Bank collected Dividends on investment Rs. 20,000
(j) Goods worth Rs. 30,000 distributed as free samples.
- 16 Record the following transactions in Cash Book with Cash and Bank columns:
2012
- | | Rs. |
|-----------------------------------------|--------|
| 1 Jan Cash Balance | 200 |
| 1 Jan Bank Balance | 500 |
| 2 Jan Cash received from sale of Shares | 12,000 |
| 2 Jan Paid into Bank | 10,000 |
| 3 Jan Paid Amrit by cheque | 2,400 |
| 3 Jan Received cheque from Amit | 1,960 |

3 Jan Allowed him discount	40
4 Jan Paid Wages by cash	500
10 Jan Paid Amit's cheque into Bank	
16 Jan Purchased goods for cash	1,200
18 Jan Paid for Stationary cash	300
19 Jan Paid Hema by cheque	750
19 Jan Discount allowed by her	50
19 Jan Withdrawn from Bank	640
20 Jan Received from cash sales	340
24 Jan Cash withdrawn for personal use	400
24 Jan Received from Anand	3,600
Allowed him discount	150
25 Jan Paid into Bank	400

17 Write Short notes on any five:

- IFRS
- Objectives of Accounting Standards
- Difference between Trade Discount and Cash Discount
- Real Account vs. Nominal Account
- Accrual vs. Cash Basis of Accounting
- Golden rules of Accounting

18 From the following particulars given below, write the Sales Book of M/S Abhiranjan.

2008

Jan 1 Sold to Virmani Stores

100 Bulbs of 100 watts @Rs. 40 each. 50 Tubelights @ Rs. 25 each net.

100 Switches 5 AMP' 2 @ Rs. 10 each.

Jan 11 Sold to from Narayan Sons

50 Electric Heaters @Rs. 40 each. 10 toasters @Rs. 150 each. 15 Electric Irons

Philips Rs. 200 each. Trade Discount 10%. Packing & Forwarding Charges Rs. 250.

Jan 17 Sold to Ram Electrical Co.

10 Desert Coolers @Rs.2500 each, Less: 20% Trade Discount

100 Toasters @Rs. 175 each, Less: 15% Trade Discount

10 Electrical Kettles @Rs. 150 each, Less: 10% Trade Discount

Sales Tax 7% Paid by us. Transport Charges Rs.500.

19 What are different types of journals?

20 Explain two column cash books. Illustrate with the help of an example.

21 Explain the impress system of petty cash book.

22 What is petty cash book? What are different types of petty cash book?

23 Differentiate between purchase journal and sales journal.

24 Differentiate between trade discount and cash discount.

25 Explain the interrelationship of accounting with other disciplines.

26 What are the limitations of accounting?

27 What are the objectives of accounting. Differentiate between Book Keeping and Accounting.

- 28 Explain the interrelationship of accounting with other disciplines.
- 29 “Accounting is an art of identifying, recording, classifying, summarizing, interpreting and communicating results thereof.” Explain the statement.
- 30 What are accounting standards? What are the objectives of accounting standards?

UNIT – II

I MULTIPLE CHOICE QUESTIONS:

1. Tally package is developed by
- A. Peutronics
 - B. Tally Solutions
 - C. Coral Softwares
 - D. Vedika Softwares

ANS : B

2. How many type of companies can be created in Tally?

- A. 2
- B. 3
- C. 4
- D. 5

ANS : A

3. Which menu appears after starting Tally for the first time?

- A. Gateway of Tally
- B. Company Info
- C. Display
- D. None of these

ANS : B

4. Which shortcut key is pressed to go to company Info. Menu from Gateway of Tally?

- A. Alt+F4
- B. Alt+F2
- C. Alt+F1
- D. Alt+F3

ANS : D

5. Which key is pressed to go to Gateway of Tally from company Info. Menu?

- A. Ctrl
- B. Alt
- C. Esc
- D. Enter

ANS : C

6. Which option is used in Tally to make changes in created company?

- A. Select Company
- B. Shut Company
- C. Alter
- D. None of these

ANS : C

7. Which option from Company Info. menu is selected to create a new Company in Tally?

- A. Company Create
- B. Create Company
- C. Create
- D. New Company

ANS : B

8. Which option is selected from Company Info Menu to divide company data into two financial years?

- A. Change Tally Vault
- B. Alter
- C. Split Company Data
- D. New Company

ANS : C

9. Which option is used to copy company's data into pen drive or CD?

- A. Backup
- B. Restore
- C. Split Company Data
- D. Copy Data

ANS : A

10. Which option is used to place data taken in pen drive or CD to Appropriate place in Tally?

- A. Backup
- B. Restore
- C. Split Company Data
- D. None of these

ANS : B

11. Which option is used to open company created in Tally?

- A. Create Company
- B. Alter
- C. Select Company
- D. Shut Company

ANS : C

12. Which option is used in Tally to close opened Company?

- A. Alter
- B. Shut Company
- C. Create Company
- D. Select Company

ANS : B

13. Which shortcut key is used to take print of any report in Tally?

- A. Ctrl+P
- B. Shift+P
- C. Alt+P
- D. Alt+Ctrl+P

ANS : C

14. Which shortcut key is used to export data of any company in Microsoft Excel spreadsheet or in any other company?

- A. Alt+P
- B. Alt+E
- C. Alt+O
- D. Alt+S

ANS : B

15. Which shortcut key is used for Select Company in Tally?

- A. F1
- B. Alt+F1
- C. F3
- D. Alt+F3

ANS : C

16. Which shortcut key is used to shut opened company in Tally?

- A. F1
- B. Alt+F1
- C. F3
- D. Alt+F3

ANS : B

17. Which shortcut key is used to change current period in Tally?

- A. F2
- B. Alt+F2
- C. F3
- D. Alt+F3

ANS : B

18. Which option is used to move from one company to another when more than one companies are open?

- A. Company Info.
- B. Shut Company
- C. Select Company
- D. Company

ANS : B

19. Which Shortcut key is pressed to create a new company in Tally?

- A. F3
- B. Alt+F3
- C. F2
- D. Alt+F2

ANS : B

20. Which Shortcut key is pressed to view features in Tally?

- A. F10
- B. F11
- C. Alt+11
- D. F12

ANS : B

21. Which shortcut key is used to view configure in Tally?

- A. F10
- B. F11
- C. F12
- D. Alt+F9

ANS : C

22. Which menu is used to create new ledgers, groups and voucher types in Tally?

- A. Reports
- B. Import
- C. Transactions
- D. Masters

ANS : D

23. Which submenu is used to create new ledgers, groups and voucher types in Tally?

- A. Account Info.
- B. Inventory Info.
- C. Accounting Vouchers
- D. Inventory Vouchers

ANS : A

24. With how many types ledger, group and voucher types can be created in Tally?

- A. 2
- B. 3

- C. 4
- D. 5

ANS :A

25. Which submenu is used for voucher entry in Tally?

- A. Vouchers
- B. Account Vouchers
- C. Accounts Info.
- D. None of these

ANS : B

26. In order to delete a voucher, press

- A Alt + D
- B Alt + F4
- C Alt + F3
- D None of the above

ANS: A

27. Debit Note is used for

- A Sales Return
- B Purchase Return
- C Purchase Return only
- D None of the above

ANS : B

28. A trial balance is a-----

- A. Ledger
- B. Journal
- C. Account
- D. List

ANS : D

29. A 'Debit note' is a statement sent to the ----- by the -----

- A. Seller, buyer
- B. Buyer, seller
- C. Customer, seller
- D. Creditor, seller

ANS : A

30. A 'credit note' is sent by----- to -----

- A. Seller, buyer
- B. Buyer, seller
- C. Customer, seller
- D. Creditor, seller

ANS : A

31. The rate of trade discount varies with the ----- purchased

- A. Total asset
- B. Current asset
- C. Quantity
- D. None of these

ANS : C

32. A..... serves the purpose of both journal and ledger accounts

- A. Journal proper
- B. Purchase day book
- C. Cash book
- D. Any of the above

ANS : C

33. Trial balance is prepared on..... basis

- A. Monthly
- B. Annually
- C. Half yearly
- D. Any of the above.

ANS : D

34. 'Inventory books' is used to view

- A. Stock Items
- B. Group Summary
- C. Both A and B above
- D. None of these

ANS : C

35. Which of the following is compulsory to create while entry in Accounts with Inventory?

- A. Stock Groups
- B. Stock Items
- C. Units of Measure
- D. All of these

ANS : D

II SHORT ANSWER TYPE QUESTIONS:

1. Explain what is Tally and where it can be used?
2. Mention what features are available in Tally ERP 9 for Accounting?
3. Mention what are the two pre-defined ledgers available in Tally ERP 9?
4. Mention what are the types of ledger you can make in Tally ERP 9?
5. Explain what is group in Tally ERP 9?
6. Can we create a company in Tally?
7. Can we alter a company in Tally?
8. How do we search for different entries in tally?

9. How can you check company statutory details?
10. Why balance sheet is prepared ?
11. Write a short note on tally ERP 9.
12. Can Tally be used by sole proprietors?
13. What are short cut key to quit tally?
14. What is goodwill in accounting?
15. Mention when you create a company in Tally ERP 9, what information does directory stores?
16. Mention what is the short cut to recall the last narration saved for the first ledger in the voucher?
17. Explain what is the default configuration Tally ERP 9 provides for Balance Sheet?
18. Mention what are the options available in Account Books Menu in Tally ERP 9?
19. Explain in Tally ERP 9, how you can view profit and loss statement.
20. What is the short cut to cancel a day book or list of vouchers in Tally ERP 9?
21. How can you copy text from Tally?
22. Why Did Tally Solutions Retire Tally 7.2?
23. Mention what is the short cut to recall the last narration saved for the first ledger in the voucher?
24. Explain what is ledger in Tally ERP 9?
25. How do we pass journal entries in tally?
26. Create the following Stock Items(with opening balances) in Tally -

Name	Group	Category	Units of Measure	Godown	Quantity	Price	Amount
HP Printer	Hardware	Output Device	Pc	Azadpur	20	5000	1,00,000
LG LCD Monitor	Hardware	Output Device	Pc	Azadpur	25	3000	75,000
Ace Accounting Software	Software	Application Soft	No.	Rohini	10	5000	50,000
Tally Multi User	Software	Application Soft	No.	Rohini	8	4000	32,000
TVS Keyboard	Hardware	Input Device	Pc	Azadpur	15	500	7,500
Epson Printer	Hardware	Output Device	Pc	Azadpur	15	4000	60,000
Samsung LCD Monitor	Hardware	Output Device	Pc	Azadpur	10	6000	60,000

27. Create the following Units in tally -

Symbol	Full Name	Type	No of Decimal Places
Pc	piece	Simple	0
No.	Number	Simple	0

28. Create following Stock Categories in tally -

Name	Under
Input Device	Primary
Output Device	Primary
Application Software	Primary
Operating System	Primary
Games Software	Application Software

29. Create the following Stock Groups -

Name	Under	Can quantities of items be added
Hardware	Primary	Yes
Software	Primary	Yes

30. Create the following Stock Groups -

Name	Under	Can quantities of items be added
Hardware	Primary	Yes
Software	Primary	Yes

III LONG ANSWER TYPE QUESTIONS:

1. What is computerized accounting software? Give examples to support your answer.
2. What is GAAP? Elaborate different accounting principles issued by ICAI.
3. What are accounting standards? Elaborate the meaning with reference to examples of certain accounting standards.
4. What are different branches of accounting? Examine limitations and objectives of accounting.
5. Give an account of different types of assets and liabilities.
6. Explain all the accounting concepts and conventions in detail.
- 7.
8. What is Tally and mentions its features in detail.
9. Mention what are the functional enhancement or features included into Tally ERP 9?
10. Explain in detail the two pre-defined ledgers available in Tally ERP 9.
11. Explain what is group in Tally ERP 9?
12. Mention what are the types of Tally ERP 9 vouchers? Also give the shortcut for creating this voucher?
13. Why Did Tally Solutions Retire Tally 7.2? How is Tally 9 better than the previous version.
14. Explain in detail the types of ledger you can make in Tally ERP 9?

15. Explain in detail the options available in Account Books Menu in Tally ERP 9?
16. Explain the procedure of creating a company in tally?
17. Explain in detail the procedure of creating and deleting ledger accounts in Tally.
18. Mention when you create a company in Tally ERP 9, what information does directory stores?
19. How can you check company statutory details?
20. Explain the configuration menu of Tally ERP 9.
21. 1. Pass the following transactions:
22. 2005 April 5 Introduce furniture worth Rs. 15,000 for business. April 7 Received a cheque of Rs. 14,000 from Amar in full settlement of his account. April 12 Amar's cheque is dishonored, and bank charged our account of Rs. 20 for bank charges. April 15 paid Rs. 2,850 to Mohan in full settlement of his account. April 25 cash withdraw from the bank Rs. 5,000 for petty cash. April 30 Cash withdraw from the bank Rs. 500 for personal use and Rs. 1,000 for office use. May 3 Paid wages 200, trade expenses 650, advertisement expenses 1,500 and stationery expenses 275 from petty cash. May 10 Sachin was declared insolvent and a payment of 60 paise in a Rupee received from him. May 16 Paid Rs. 4,000 and 3,000 to Shyam and Ram respectively. May 27 Received cheque from Nitin in full settlement of his account after allowing his 5% cash discount and cheque deposited into the bank same day. May 29 Withdraw from bank Rs. 500 for personal use and Rs. 1,000 for office use. May 30 Purchase two computers worth Rs. 15,000(each) for resale from J.K. computers. June 3 Payment made to J.k. Computers.
23. Create the Cost Centres and Category (Allocate Revenue Items –yes):
 - a) Cost Category: Departments
 - b) Cost Centers: (i) Marketing
(ii) Administration
24. Create Voucher Class "RST 8%" for Sales Voucher Type. Include 'sundry debtors' and 'cash in hand'. Default Accounting Allocation: 'Sales 100%' Additional accounting Entries: Sales Tax 8% on Total Sales,
25. Create Voucher Class "RST 10%" for Sales Voucher Type Include 'sundry debtors' and 'Cas in hand'. Default accounting allocation: 'Sales 100%' Additional accounting Entries: 'Sales Tax 10%' 'on Total Sales' & 'Surcharge 4% on Tax'.
26. Create a company Shisana Technologies in Tally ERP 9 and explain the steps involved in creation of a company.
27. Create the following ledgers in Tally ERP 9 and explain the steps involved in creation of ledgers.

Name	Under	Dr.	Cr.
Capital	Capital		24000
Cash in hand	Cash in hand	900	
Building	Fixed Asset	2,500	
Stock	Stock in hand	47,000	
Sundry debtors	Sundry debtors	50,000	
Commission paid	Indirect expenses	100	
Rent & Taxes	Indirect expenses	3,500	
Purchases	Purchases	70,800	
Purchases Returns	Purchases		1,100

Furniture	Fixed asset	4,500	
Loan to Suba	Loans liability		10,000
Discount Allowed	Indirect expense	4,600	
Drawings	Capital	6,000	
Bill receivables	Current asset	5,200	
Cash at bank	Bank	12,500	
Sales	Sales		1,28,000
Sales returns	Sales	1,000	
Salaries	Indirect expenses	9,500	
Discount earned	Indirect income		4,000
Bank overdraft	Bank O/D		6,000
Bills payable	Current liability		4,000
Sundry Creditors	Sundry Creditors		43,000
Travelling expenses	Indirect expense	2,000	
Total		2,20,100	2,20,100

28. Record the following transactions in the books of “M/s Albert & Brothers” in Tally ERP 9 and explain the steps involved in passing of such entries in the respective accounting vouchers.
- Aasim starts business with Rs. 50,000.
 - He opens a SBP saving bank account and deposits Rs. 20,000.
 - Bought furniture for Rs. 5,000, machinery for Rs. 10,000.
 - Purchased goods for Rs. 14,000.
 - Sold goods for Rs.8, 000.
 - Purchased goods from AK & Company for Rs. 11,000.
 - Sold goods to Junaid for Rs. 12,000.
 - Returned goods worth Rs.5,000 purchased from AK & Company.
 - Goods worth Rs. 4,000 were returned by Junaid.
 - Depreciate machinery @ 10%.
29. Create the following stock groups, stock categories, stock items, units of measures and godowns in Tally ERP 9 and explain the steps involved in creation of such items.

- Create the following Stock Groups -

Name	Under	Can quantities of items be added
Hardware	Primary	Yes
Software	Primary	Yes

- Create following Stock Categories-

Name	Under
Input Device	Primary
Output Device	Primary
Application Software	Primary
Operating System	Primary
Games Software	Application Software

- Create the following Units-

Symbol	Full Name	Type	No of Decimal Places
Pc	piece	Simple	0
No.	Number	Simple	0

- Create the following Godowns-

Name	Under	Address
Rohini	Primary	Rohini Sector-25
Azadpur	Primary	D-26 , Azadpur

- Create the following Stock Items(with opening balances)-

Name	Group	Category	Units of Measure	Godown	Quantity	Price	Amount
HP Printer	Hardware	Output Device	Pc	Azadpur	20	5000	1,00,000
LG LCD Monitor	Hardware	Output Device	Pc	Azadpur	25	3000	75,000
Ace Accounting Software	Software	Application Soft	No.	Rohini	10	5000	50,000
Tally Multi User	Software	Application Soft	No.	Rohini	8	4000	32,000
TVS Keyboard	Hardware	Input Device	Pc	Azadpur	15	500	7,500
Epson Printer	Hardware	Output Device	Pc	Azadpur	15	4000	60,000
Samsung LCD Monitor	Hardware	Output Device	Pc	Azadpur	10	6000	60,000

30. Create a company ABC ltd. Pass the following entries in relevant vouchers. Explain the steps involved in setting re order level.
- Commenced business with an amount Rs.15,00,000.
 - Create stock item : HCL Computers (Stock Group-Computer) .
 - Set standard rates for HCL Computers- Cost Price=Rs. 15,000, Selling Price= Rs. 20,000
 - The maximum capacity to sell is 20 computers, so set reorder level at 10 computers (minimum order).
 - Purchase 20 computers from TR traders.
 - Sold 15 computers to YR Traders.

UNIT – III

I MULTIPLE CHOICE QUESTIONS:

1. Which option is used to exit Tally?

- A. Exit
- B. Close
- C. Quit
- D. Shut Company

ANS : C

2. Salary Account comes under which head?

- A. Indirect Incomes
- B. Indirect Expenses
- C. Direct Incomes
- D. Direct Expenses

ANS : B

3. How many groups are pre-defined in Tally?

- A. 28
- B. 30
- C. 15
- D. 19

ANS : A

4. How many primary groups are there in Tally?

- A. 19
- B. 28
- C. 15
- D. 20

ANS : C

5. How many secondary groups are there in Tally?

- A. 15
- B. 13
- C. 28
- D. 3

ANS : B

6. Which option is used to view list of Primary and Secondary groups in Tally?

- A. List of Accounts

- B. Accounts
- C. List
- D. None of these

ANS : A

7. Which ledger is created by Tally automatically as soon as we create a new company?
- A. Cash
 - B. Profit & Loss A/c.
 - C. Capital A/c.
 - D. A and B both

ANS : D

8. Which option is used to make changes in created Groups of Ledgers in Tally?
- A. Create
 - B. Display
 - C. Alter
 - D. Change

ANS : C

9. How many voucher types are readily available in Tally?
- A. 18
 - B. 16
 - C. 20
 - D. 28

ANS : A

10. How many voucher types are provided in Tally to record transactions?
- A. 2
 - B. 3
 - C. 4
 - D. 5

ANS : B

11. Which key is pressed to post entries in double entry accounting system instead of single entry system in Tally.ERP9?

- A. F11
- B. F12
- C. Alt+F11
- D. Alt+F12

ANS : D

12. Which voucher type is used to transfer amount from one bank to another?
- A. Contra
 - B. Payment
 - C. Receipt

D. Post-Dated

ANS : A

13. Rs.10, 000 withdrawn from State Bank. In which voucher type this transaction will be recorded?

A. Payment

B. Receipt

C. Contra

D. Post-Dated

ANS : C

14. Where do we record transactions of salary, rent or interest paid?

A. Contra

B. Journal

C. Receipt

D. Payment

ANS : B

15. Where do we record interest received, commission received or rent received in Tally?

A. Contra

B. Payment

C. Receipt

D. Journal

ANS : C

16. Where do we record cash sales in Tally?

A. Contra

B. Receipt

C. Payment

D. Journal

ANS : D

17. Where do we record credit purchase of furniture in Tally?

A. Purchase

B. Payment

C. Receipt

D. Journal

ANS : A

18. Where do we record purchase return, sales return, depreciation, bad debts etc.in Tally?

A. Journal

B. Payment

C. Contra

D. Receipt

ANS : B

19. Where do we record all type of adjustment entry in Tally?

- A. F5: Payment
- B. F6: Receipt
- C. F7: Journal
- D. F4: Contra

ANS : A

20. Which shortcut key is pressed and then 'yes' is given in "Use Debit/Credit Noted" to post entry in Credit Note and Debit Note in Tally?

- A. Alt+F11
- B. F11
- C. F12
- D. Alt+F12

ANS : B

21. In which voucher type credit purchase entry is posted in Tally?

- A. F5: Payment
- B. F7: Journal
- C. F9: Purchase
- D. F6: Receipt

ANS : C

22. In which voucher type credit sales is recorded in Tally?

- A. F5: Payment
- B. F6: Receipt
- C. F7: Journal
- D. F8: Sales

ANS : C

23. Which shortcut key is used in 'Company Feature's screen to use Accounting Features in Tally?

- A. F1
- B. F2
- C. F3
- D. F4

ANS : D

24. Which shortcut key is used in 'Company Features' screen to use Inventory Features in Tally?

- A. F1
- B. F2
- C. F3
- D. F4

ANS : B

25. Which shortcut key is used in 'Company Features' Screen to use Statutory & Taxation in Tally?

- A. F3
- B. F4
- C. F2
- D. F1

ANS : A

26. Which file in tally is used to record the import activity ?

- A. Tally.dat
- B. Tally.ini
- C. Tally.imp
- D. None of the above

ANS : B

27. Which of the following is the predefined stock category in tally?

- A. Primary
- B. Symbol
- C. Stock
- D. Main location

ANS : A

28. Which shortcut key(s) are used to display list of inventory reports within balance sheet?

- A. F8
- B. F9
- C. F10
- D. F11

ANS : B

29. How many types of users are present in tally?

- A. 1
- B. 2
- C. 3
- D. 4

ANS : C

30. Which shortcut key(s) are used to enter a stock journal in tally?

- A. F7
- B. Control + F7
- C. Alt + F7
- D. Shift + F7

ANS : C

31. Which of the following shows daily balance for a selected voucher type?

- A. Daybook
- B. Trial Balance

- C. Balance Sheet
- D. None of the above

ANS : A

32. . Which of the following can be budgeted in tally?

- A. Net Transactions
- B. Closing Balance
- C. Closing Balance
- D. A and B

ANS : D

33. What is the advantage of a computer-based transaction processing system?

- A. Does not require as stringent a set of internal controls.
- B. Will produce a more accurate set of financial statements.
- C. Eliminates the need to reconcile control accounts and subsidiary ledgers.
- D. Will be more efficient at producing financial statements.

ANS : D

34. Which of the following file is usually used as a master file?

- A. Inventory subsidiary
- B. Cash disbursements.
- C. Cash receipts.
- D. Payroll transactions.

ANS : A

35. How can data be imported in tally ?

- A. One company to another company created within Tally Package
- B. Other programs - a spreadsheet or a database file.
- C. Depends on number of companies
- D. Both A and B

ANS : D

II SHORT ANSWER TYPE QUESTIONS:

1. What are the limitations of accounting?
2. Make a list of users of accounting.
3. Distinguish between assets and liabilities.
4. Give total no. of accounting standards issued by ICAI.
5. Differentiate between Cost accounting and financial accounting.
6. What is bank reconciliation statement?
7. What is order processing?
8. What is Bill of material?
9. What are the various accounting ratios?
10. Mention the two types of interest calculations.
11. What is backup in tally?
12. What is restores in tally?

13. How do we create voucher class for interest calculations?
14. How do we restore in Tally data folder?
15. How do we specify source and destination of data restore?
16. How to create BOM in Tally?
17. How to create multiple BOM in Tally?
18. What are the various types of BOM?
19. What is advance bill?
20. What is reference bill?
21. What is rejection out and rejection in?
22. What is re order level?
23. How to set re order levels in Tally?
24. How do we record un reconciled statements?
25. How do we export and import data from MS -Excel in tally?
26. Create a company ABC Ltd. In Tally ERP and pass the following entries in the appropriate vouchers. Also, explain the steps involved in Job Work In Order Process.
 - Create a company ABC Ltd.
 - Commence business by depositing Rs.15,00,000 in bank account.
 - A job work- in order was received from XYZ Ltd. Company to assemble 50 computers, Bill of material of which is given below-

Stock item	Stock category	Godown
Cabinet	Raw material	Job Work in Location
Mother Board	Raw material	Job work in location
Hard drive	Raw material	Job work in location
Cpu	Raw material	Job work in location
Ram	Raw material	Job work in location
Screws	Raw material	Job work in location

- The company charged Rs. 25,000 for assembling the computers.
 - Payment was received on time from XYZ Ltd.
27. Create a company ABC Ltd. In Tally ERP and pass the following entries in the appropriate vouchers. Also, explain the steps involved in Purchase Order Processing.
 - Commenced business with an amount Rs.5,00,000.
 - Deposited Rs.2,50,000 in the bank account.
 - Aug. 10: Place an order (01) to Shyam for 30 keyboards & 5 computers.
 - Aug. 17: Item received (order no-01, used as Tracking No. Also), from Shyam.
 - 25 keyboards: Rs. 400/-(each)
 - 5 Computers: Rs. 27,000/- (each)
 - Aug. 20: 5 keyboards return to Shyam (Against Tracking No.).
 - Aug. 28: Bill received from Shyam (Against Tracking No.).
 - Sept 9: Payment made to Shyam Rs. 20,000/- by Cheque.
 28. Create a company ABC ltd. Pass the following entries in relevant vouchers. Explain the steps involved in activating interest calculation feature of Tally ERP 9.

Create two voucher classes based on Debit Note :- [Hint: Accounts Info → Voucher Type → Alter → Debit Note]

<u>Name of Class</u>	<u>Used for Interest Calculations</u>	<u>Amount to be treated as Compound</u>
Simple Interest	Yes	No
Compound Interest	Yes	Yes

Set the following Interest Parameter for ABIR Pvt Ltd :-

<u>Rate</u>	<u>Interest Style</u>	<u>On Balance</u>	<u>Applicability</u>	<u>Calculate From</u>
10%	365 Day Year	On Debit Balance Only	Always	Due Date of Invoice

Set the following Interest Parameter for SURAJ Ltd :-

<u>Rate</u>	<u>Interest Style</u>	<u>On Balance</u>	<u>Applicability</u>	<u>Calculate From</u>
2.5%	30 Day Month	On Debit Balance Only	Always	Due Date of Invoice

31-10-10

Charge Simple Interest to Abir Pvt Ltd.

31-10-10

Charge Compound Interest to Suraj Ltd.

29. Explain the bill wise details feature available in Tally ERP 9 using suitable examples.
30. Using a suitable example, show how ratios and financial statements would appear in Tally ERP 9.

III LONG ANSWER TYPE QUESTIONS:

1. Alter your stock item with:
2. a) Stock Categories b) Godowns S.No. Name of Item Categories Godowns 1. 17” Monitor LG Lalkothi 2. Cabinet ACER Lalkothi 3. Computer IBM Rajapark 4. HDD A-Tech Vaishali Nagar 5. Key-Board Intex Lalkothi 6. Motherboard A-Tech Rajapark 7. Mouse Intex Vailshali nagar 8. Network cable Tikaro Lalkothi 9. Processor Intel Vaishali nagar 10. RAM A-Tech Rajapark 11. Speaker Sony Vaishali nagar.
3. Explain in detail the process of recording unreconciled transactions in tally?
4. Explain in detail the process of exporting and importing data to and from MS-Excel.
5. Explain in detail all types of inventory vouchers on tally.
6. Create a company in tally and perform an imaginary Purchase order processing transaction.
7. Create a company in tally and perform an imaginary Sales order processing transaction.
8. Create a company in tally and perform an imaginary Reorder processing transaction.
9. How do we specify simple re order levels and minimum quantity in Tally?
10. How do we specify advanced re order levels and minimum quantity in Tally?
11. How do we specify alter re order levels and minimum quantity in Tally?
12. Explain in detail the difference between sales order and purchase order.
13. Explain in detail the clear difference between rejections in and rejections out.
14. Explain the various types of bill of material. How to create BOM in tally.

15. How do we create multiple BOM in tally?
16. What are the two types of Sales invoice in Tally? Explain its working in Tally.
17. Explain the entire procedure of creating a ratio analysis report in tally.
18. What are the various accounting books maintained in tally/
19. What is the difference between a day book and a cash book? Support your answer by giving examples.
20. Explain in detail the process of restoring backup in Tally.
21. What are security controls? How do we define security levels in tally?
22. Explain in detail the various types of ratios that can be calculated using tally.
23. How do we create sales service invoice in tally?
24. What is the difference between receipt note and delivery note in tally?
25. Explain in detail the procedure of copying existing BOM to new BOM. Explain using example.
26. Create a company ABC Ltd. In Tally ERP and pass the following entries in the appropriate vouchers. Also, explain the steps involved in Job Work Out Order Process.
 - Create a company ABC Ltd.
 - Commence business by depositing Rs.15,00,000 in bank account.
 - Create 4 godowns-
 - Raw material location to store raw materials
 - Scrap location to store scrap
 - Job work out location for raw materials delivered to the job worker(our stock with third party)
 - Finished goods location for finished goods received from job worker.
 - Place a job work- out order with XYZ Ltd. Company to pack 200 CDs, Bill of material of which is given below-

Stock item	Component (F12: configuration) (Enable type of component: yes)	Godown
Cardboard	Component	Raw material Location
CD	Component	Raw material Location
Plastic case	Component	Raw material Location
CD Scrap	Scrap	Raw material Location

- The company charged Rs. 12,000 for assembling the computers along with Rs.2,000 for material cost.
 - Payment was made on time to XYZ Ltd.
27. Create a company ABC Ltd. In Tally ERP and pass the following entries in the appropriate vouchers. Also, explain the steps involved in Bill of materials.
 - Create a company ABC Ltd.
 - Started business with cash Rs. 20,00,000.
 - Deposited Rs. 15,00,000 in bank.
 - Create the following stock groups-
 - Peripherals
 - PC

- Create the following godowns-
 - Peripherals-rohini
 - PC(finished goods)-pitampura
- Create the following stock items-(F12 – Enable BOM=Yes)

Name of the item	Group	Set Bom	Units of measure
Processor (P4)	Peripherals	no	u
RAM 2GB	Peripherals	no	u
RAM 4 GB	Peripherals	no	u
Monitor	Peripherals	no	u
Motherboard	Peripherals	no	u
Hard Disk 32GB	Peripherals	no	u
Hard Disk 64GB	Peripherals	no	u
Mouse	Peripherals	no	u
Keyboard	Peripherals	no	u
Computer 1	PC	yes	u
Computer 2	PC	yes	u

- Set Bom for Computer 1-

For 1 unit of Standard Computer 1, following is the bom-

Name of the Peripheral	Quantity
Processor (P4)	1 u
RAM 2GB	1u
Monitor	1 u
Motherboard	1 u
Hard Disk 32G	1 u
Mouse	1 u
Keyboard	1 u

- Set Bom for Computer 2-

For 1 unit of Standard Computer 2, following is the bom-

Name of the Peripheral	Quantity
Processor (P4)	1 u
RAM 4 GB	1u
Monitor	1 u
Motherboard	1 u
Hard Disk 64 GB	1 u
Mouse	1 u
Keyboard	1 u

- The company purchased the following peripherals by making payment through cheque-

Name of the Peripheral	Quantity	Price for 1 u
Processor (P4)	20	4000
Monitor	20	5000
Motherboard	20	6000
Hard Disk 32 GB	20	4000
Hard Disk 64 GB	20	6000
Mouse	20	200
Keyboard	20	500
RAM 2GB	20	1000
RAM 4 GB	20	1500

- The company assembled (manufacturing) 10 Computers of type 1 and 10 computers of type 2 using the peripherals listed in the table and stored the same in the finished goods godown. Wages of Rs.30,000 and Overheads (including power) of Rs. 2000 (Overheads are arrived at Rs.100 per computer) were incurred.
 - The company sold 5 computers of type 1 and 5 computers of type 2 to Shalini Enterprises at 10% profit.
28. Create a company ABC Ltd. In Tally ERP and pass the following entries in the appropriate vouchers. Also, explain the steps involved in Sales Order Processing.
- Create a company ABC Ltd.
 - Commenced business by depositing Rs.5,00,000 in bank account.
 - Sept. 22:
 - Sales order (order no-01) received from Nitin for:
 - 2pcs. of Computer s
 - 3pcs. of HDD
 - 7pcs. of mouse
 - 7pcs. of keyboard
 - 2sets of speakers
 - Oct. 10:
 - Goods Delivered (delivery note no same as order no 01) to Nitin -
 - 2 Computer =Rs 28,000 (each)
 - 2 HDD = Rs 2,800 (each)
 - 7mouse = Rs 500 (each)
 - 6keyboard = Rs 850 (each)
 - 2 speakers = Rs 1,200 (each)
 - Oct. 17: Nitin returned 5 keyboards against bill.
 - Oct 18: Bill sent to nitin for the goods delivered.
 - Oct. 22: Payment received from nitin Rs. 50,000/- by cheque & Rs. 15,000/- Cash. In full settlement
29. Create a company ABC Ltd. in Tally ERP 9. After creating the company, take its backup. After taking the backup, delete it and restore it again using the backup and restore features of Tally ERP 9.
30. Explain the process of importing and exporting of data from/to MS-Excel in Tally ERP 9.

UNIT – IV

I MULTIPLE CHOICE QUESTIONS:

1. ----- gives the balance for each day for the voucher type has been selected.
- A. Trial Balance
 - B. Daybook
 - C. Balance Sheet
 - D. None of the above

ANS : B

2. For 'stock journal' entry we press _____ in tally
- A. F7
 - B. Alt + F7
 - C. F1
 - D. F11

ANS : B

3. Which option lists inventory valuation method in tally?
- A. Stock report
 - B. Stock journal
 - C. Stock analysis
 - D. Stock summary

ANS : D

4. How to activate the tally audit feature in a company?
- A. Press F11 key
 - B. During the creation of a company
 - C. In -comp info -> security control-option
 - D. Press F12 key

ANS : B

5. What is the predefined number of groups in tally?
- A. 16
 - B. 28
 - C. 128
 - D. 228

ANS : B

6. Which of the following is used for voucher entry?
- A. Ledger Account
 - B. Groups
 - C. Sub-Groups
 - D. Depends on number of companies

ANS : A

7. Which of the following user type can view audit list?

- A. Tally Vault
- B. Owner
- C. Data Entry
- D. Administrator

ANS : D

8. How can data be imported in tally?

- A. One company to another company created within Tally Package
- B. Other programs - a spreadsheet or a database file.
- C. Depends on number of companies
- D. Both A and B

ANS : D

9. Which of the following file is usually used as a master file?

- A. Inventory subsidiary
- B. Cash disbursements.
- C. Cash receipts.
- D. Payroll transactions.

ANS : A

10. What is the advantage of a computer-based transaction processing system?

- A. Does not require as stringent a set of internal controls.
- B. Will produce a more accurate set of financial statements.
- C. Eliminates the need to reconcile control accounts and subsidiary ledgers.
- D. Will be more efficient at producing financial statements.

ANS :D

11. Which of the following can be budgeted in tally?

- A. Net Transactions
- B. Closing Balance
- C. Closing Balance
- D. A and B

ANS : D

12. Which of the following can be budgeted in tally?

- A. Net Transactions
- B. Closing Balance
- C. Closing Balance
- D. A and B

ANS : D

13. Which of the following shows daily balance for a selected voucher type?

- A. Daybook
- B. Trial Balance
- C. Balance Sheet

D. None of the above

ANS : A

14. Which shortcut key(s) are used to enter a stock journal in tally?

- A. F7
- B. Control + F7
- C. Alt + F7
- D. Shift + F7

ANS : C

15 How many types of users are present in tally?

- A. 1
- B. 2
- C. 3
- D. 4

ANS : C

16. Which shortcut key(s) are used to display list of inventory reports within balance sheet?

- A. F8 B. F9 C. F10 D. F11

191. Which of the following is the predefined stock category in tally?

- A. Primary
- B. Symbol
- C. Stock
- D. Main location

ANS :B

17 Which file in tally is used to record the import activity?

- A. Tally.dat
- B. Tally.ini
- C. Tally. Imp
- D. None of the above

ANS :A

18. Which of the following is compulsory to create while entry in Accounts with Inventory?

- A. Stock Groups
- B. Stock Items
- C. Units of Measure
- D. All of these

ANS : C

19. 'Inventory books' is used to view

- A. Stock Items
- B. Group Summary
- C. Both A and B above
- D. None of these

ANS : B

20. Trial balance is prepared on..... basis

- A. Monthly
- B. Annually
- C. Half yearly
- D. Any of the above.

ANS : D

21. A..... serves the purpose of both journal and ledger accounts

- A. Journal proper
- B. Purchase day book
- C. Cash book
- D. Any of the above

ANS : C

22. The rate of trade discount varies with the ----- purchased

- A. Total asset
- B. Current asset
- C. Quantity
- D. None of these

ANS : D

23. A 'credit note' is sent by----- to -----

- A. Seller, buyer
- B. Buyer, seller
- C. Customer, seller
- D. Creditor, seller

ANS : C

24. A 'Debit note' is a statement sent to the ----- by the -----

- A. Seller, buyer
- B. Buyer, seller
- C. Customer, seller
- D. Creditor, seller

ANS : C

25. A trial balance is a-----

- A. Ledger
- B. Journal
- C. Account
- D. List

ANS : D

26. for reconciliation of Bank pass

- A. F12
- B. F10

- C. F5
- D. F6

ANS : C

27. We can cancel a voucher using

- A. Alt + X
- B. Ctrl + X
- C. Shift + X
- D. Ctrl + Shift + X

ANS : A

28. Discount Column is available in

- A. Sales Invoice
- B. Purchase Invoice
- C. Both (a) and (b)
- D. None of these

ANS : C

29. We can use Stock Journal for

- A. Production and Consumption
- B. Inter Godown transfer for stock
- C. Both (a) and (b)
- D. None of these

ANS : C

30. “Allow components list details (Bill of Materials)” option is activated for

- A. Ledgers
- B. Cost Category
- C. Stock Items
- D. Budgets

ANS : C

31. How can we see Vat Reports?

- A. Gateway of Tally > Display
- B. Gateway of Tally > Vat Reports
- C. Gateway of Tally > Display > Statutory Info
- D. Gateway of Tally > Display > Statutory Reports

ANS : D

32. By default, which mode is on in Purchase and Sales voucher?

- A. Norma Mode
- B. Item Invoice Mode
- C. Particulars Mode
- D. None of these

ANS :B

33. 'Tally vault' is a _____
A. Security mechanism
B. Ledger a/c
C. Cost category
D. None of the above

ANS : A

34. To declare a voucher as Post Dated press
A. Ctrl + T
B. Alt + T
C. Ctrl + P
D. Ctrl + D

ANS :A

35. We can get the report of Interest from
A. Account Books
B. Cash and Fund flow
C. Inventory Books
D. Statements of Accounts

ANS : D

II SHORT ANSWER TYPE QUESTIONS:

1. What are the features of financial statement?
2. What is a financial statement?
3. What is a balance sheet?
4. What is a trading account?
5. What is profit and loss account?
6. Is it possible to create financial statements using tally?
7. How do we create financial statements using tally?
8. What is day book?
9. What is bank book?
10. What is cash book?
11. What is bank reconciliation statement?
12. What is general ledger?
13. What is journal register?
14. What are the various accounting books maintained in tally?
15. What are exception reports?
16. What is negative stock?
17. What is negative ledgers?
18. What is reversing journals?
19. What are postdated vouchers?
20. What are optional vouchers?
21. How do we configure a bank ledger?
22. How do we copy the cheque format in Tally?
23. How do we enable Cheque Printing in Bank Ledger Alteration Screen?

24. What are overdue payables?
25. What are overdue receivables?
26. Which command is used to print the voucher?
27. Stock items can be viewed through which book in tally?
28. Which item in tally displays the details with closing stock?
29. What is the difference between overdue receivables and overdue payables??
30. What is the difference between optional vouchers and cancelled vouchers?

III LONG ANSWER TYPE QUESTIONS:

1. What is a financial statement? What are the features of financial statements?
2. Explain the contents of Balance Sheet as per schedule VI of Companies Act 2013.
3. What is trading account and profit and loss account? Clearly explain the difference in between the two.
4. Explain the procedure of creating financial statements in tally.
5. Explain in detail the various accounting books maintained in tally.
6. Make a Price List for “Dealer” for all the items with appropriate qty & Trade Discount.
7. Display balance sheet and P&L in vertical mode taking imaginary cases of companies.
8. Create a Company with your name. Export all the Data of Raj Computers(imaginary). & Import the Data in your new company.
9. What is general ledger and journal register? Clearly explain the difference in between the two?
10. Explain in detail the various exception reports in tally.
11. What is negative stock and negative ledgers? Clearly explain the difference in between the two.
12. Explain in detail the procedure of cheque printing in tally using imaginary example.
13. Explain in detail the process of enabling Cheque Printing in Bank Ledger Alteration Screen using imaginary example.
14. Create a company and explain the process of copying a cheque format in Tally.
15. How do we configure in bank ledger in tally? Explain using an imaginary example.
16. What are reversing journals and postdated journals? Clearly explain the difference in between the two.
17. What are overdue receivables and overdue payables? Clearly explain the difference in between the two.
18. Mention any 10 shortcut keys used in tally.
19. Explain the configuration settings in tally.
20. What are the various reports that can be generated by tally.
21. What is a group in tally? How do we create single and multiple groups in tally?
22. How do we alter ledger using TSS and internet connectivity? Explain the process in detail.
23. How do we enable Cheque Printing in Bank Ledger Creation with TSS and Internet Connectivity. Explain in detail using real life situation.
24. Explain the various financial statements, ratio reports and exception reports that can be generated using tally.
25. Give the format of Profit and Loss Account as per the Companies Act, 2013.
26. Give the format of Balance sheet s per the Companies Act , 2013.
27. What are the difference exception reports in tally?

