

PAPER 1
Management Principles And Business Finance

Date: 12.12 .2009
 Time: 10.00 PM to 1.00 PM

Max Marks: 100
 Duration: 3 hours

Instructions:

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|---|-----------------|
| 1. PART A1 and A2 are compulsory. Answer all questions. | Total Marks:32 |
| 2. PART B: Answer any three questions with a maximum two from part B1 or B2 | Total Marks:48 |
| 3. PART C Compulsory | Total Marks :20 |
| 4. Please read the instructions on the answer sheet carefully. | |

PART A1 - Management Principles

Q.1 Indicate whether following statements are 'TRUE' or 'FALSE'

1. Management is considered as super resource which enable men, money, materials and machines to be utilized and controlled efficiently & effectively.
2. Motivation is defined as the way in which urges, drives, desires, aspirations, Strivings and needs direct, control or explain the behavior of human beings.
3. Cross Functional Teams consist of group of people from all levels, with different functional expertise working towards a common goal.
4. Compound Social Indicators of Human Welfare are known as Life Quality Index
5. Communication is a systematic and continuous exchange of facts, ideas, opinions and emotions among two or more persons/ entities/ public .
6. The strategy for acquisition and utilization of human resources at required time with relevant attributes has nothing to do with Man Power Planning.
7. The common attributes of a job position in an organization are Technical and Professional knowledge, Behavior skills and Managerial competence.
8. In an open organizational environment with interdependent roles & responsibilities and good inter personal relations among employees, neither personal goals of members nor the task goals of company can be fully realized.

Q.2 Match the following: (1 marks each)

| | | | |
|---|--|---|--|
| 1 | Democratic style of leadership | A | Hygiene factors and Motivating factors |
| 2 | Reward & Punishment to gain compliance from followers | B | De-centralised authority & decision making, High motivation and Shared responsibility |
| 3 | Annual Performance appraisal | C | Rules & regulations and Terms & conditions governing the employment of workers. |
| 4 | Break- even Analysis | D | Achievement Oriented leadership style |
| 5 | Broader outlook, Diversified skills, good inter departmental cooperation | E | Chart showing relationship between sales and expenses under different assumed conditions |
| 6 | Listening Gap | F | Benefits of systematic Job Rotation |
| 7 | Standing Orders in a running organization | G | Basis for rewards and future development needs |
| 8 | Theory of motivation developed by Herzberg | H | The difference between speed of speaking and pace of at which human brain can listen |

PART A2 – Finance

Q. 3. Choose the correct answer:

1. The basic financial statements of a manufacturing organization are
 - a. Balance sheet for a period of time
 - b. Profits & Loss account
 - c. Income Statement
 - d. All the above financial statements
2. The balance sheet gives us information about
 - a. Profits & Losses for a period
 - b. Income & Expenses for period
 - c. Assets & Liabilities of the company
 - d. Assets & Equity owned by the company
3. The profits & loss account gives us information about
 - a. Income & expenses as on a date
 - b. Income & expenses for a period
 - c. Assets & Losses for a period
 - d. Assets & Liabilities as on a date
4. Which of the following is not a fixed asset for manufacturing ?
 - a. Computers, Office equipments
 - b. Plant equipment and machinery
 - c. Finished goods of the company
 - d. Factory Land and Buildings
5. Fixed assets of a running business company are generally valued at
 - a. Cost of materials
 - b. Cost less depreciation
 - c. Cost or Market Value
 - d. Net realizable value
6. The most 'Current' Liability of a Transformer manufacturing company is
 - a. Equity share capital held by promoters
 - b. Short term Loans of the company
 - c. Unpaid taxes and duties
 - d. Bonds/ Debentures issued by the company
7. Which of the following would not appear as part of an annual report
 - a. Balance sheet at the end of financial year
 - b. Discounted cash flow statement
 - c. Directors Report for the accounting period
 - d. Income Statement for the accounting period
8. Which of the following is not a source of funds for the company
 - a. Profit after tax earned by the company
 - b. Share capital issued
 - c. Sale proceeds of investments
 - d. Share buyback by the company

Q. 4. Fill in the blanks:

1. The financial position of the business is ascertained by accounting reports and statements like And &
2. Fundamental accounting assumptions are, and
3. The relationship of assets with liabilities and Owners equity in an equation form is known as basic
4. The amount of Purchases by the company will be Rs. if the cost of goods sold is Rs. 80700/- opening stock Rs. 5800/- and closing stock Rs. 6000/-
5. Expenditures contribute to revenue earning capacity of a business over more than one accounting period whereas Expenditures generate revenue within a particular accounting period.
6. What comes in & what goes out are recognized by accountants as entry and entry
7. In andOut is acceptable inventory costing method under Generally Accepted Accounting Principles
8. Purchase price of a product minus accumulated depreciation is called

PART B1 - Management Principles

- Q.5** Explain the concept of Management By Objectives for an industrial organization. What are the seven steps involved in the MBO process ?
- Q.6** What are the objectives, benefits and methods of employee training . Distinguish between Education and Training & Development.
- Q.7** Write short notes on any four of the following.
1. Controlling Techniques
 2. Managerial Grid
 3. The purpose and importance of Communication
 4. Organizational Excellence
 5. Manpower Planning for a new organization,
 6. Group Discussions for recruitment of managers
 7. Role of internal change agents.

PART B2 – Finance

- Q.8 (a)** Discuss the annual budgets, and the utility of budgetary control techniques for successful running of a business organization.
- Q.8 (b)** Explain Mergers, Acquisitions and Take over of companies in India. What are their merits & demerits for conducive industrial environment.
- Q.9** Write short notes on any four of the following.
1. Difference between Cash Accounting & Accrual accounting
 2. Operating cycle of business organization
 3. Working Capital Management
 4. Written down value of depreciation
 5. Capital Expenditure by a manufacturing company
 6. Understanding performance of a company through Financial Ratio

Part C – Case Study (Compulsory)

Q.10 The transactions of M/s Mahesh Manufacturing Company during the month of September 2009 are summarized below.

You are required to interpret the above information and prepare month end Trial Balance.

| Head of Account | Rs. |
|---|-----------|
| Capital of the company | 12,00,000 |
| Drawings | 75,000 |
| Land and Buildings | 1,50,000 |
| Furniture and Fixures | 1,75,000 |
| Plant and Machinery | 3,75,000 |
| Patents and trademarks | 3,00,000 |
| Opening Stock on 1 st September 2009 | 3,00,000 |
| Purchases during the month | 12,75,000 |
| Purchases returns | 75,000 |
| Sundry debtors | 3,00,000 |
| Wages paid to the workers | 2,00,000 |
| Salaries paid during the month | 1,00,000 |
| Sales of the products of the company | 21,00,000 |
| Sales returns | 1,50,000 |
| Postage and telegram | 250 |
| Office rent for the premises | 75,000 |
| Sundry creditors | 3,00,000 |
| Bad debts | 10,000 |
| Commission received | 9,000 |
| General expenses | 11,000 |
| Insurance | 12,000 |
| Traveling expenses | 11,000 |
| Loan and advances | 1,50,000 |
| Interest on loan | 18,000 |
| Month end Cash in hand | 1,96,750 |
| Month end Cash at bank | 1,00,000 |