Question Bank PEEM

1. Company is considering the purchase of a piece of equipment that costs RS.23,000. Projected net annual cash flows over the project's life are: Year Net Annual Cash Flow 1 $3,000
2 8,000
3 15,000
4. 9,000

Calculate the pay back period. 5 marks

2. Draw the graph and calculate Break even point when fixed cost = Rs 300,000,Selling price= Rs100/unit and variable cost= Rs 60/Unit. Verify the answer numerically. 10 marks

3. Give the formula for calculating contribution margin.1 marks

4. Draw Break even chart and calculate Break even point from the following data-
Total no of units sold-40,000
Selling price-Rs 60 per unit
Fixed Expenses= Rs 200,000
Variable cost= Rs 20 per unit 10 marks

5. Calculate Pay back period from following particulars-
Initial investment= RS 18,000
Profits-
Year 1- Rs 3000
Year 2- Rs 4500
Year 3- Rs 3500
Year 4- RS 4000

5 Marks

6. Explain 4 principles of Scientific management. 8 Marks

7. Define Challenger and defender 2 Marks

8. Select the projects by Net present value method and give reason for the same.Estimated life of the asset is 5 years.

Cash flows of project A	Cash flows of Project B	Net Present value of Re.1@ 10% discounting factor
Rs 250,000	400,000	0.909
Rs 200,000		0.826

Rs 60,000	40,000	0.751
Rs 180,000	300,000	0.683
RS 170,000	245,000	0.621

Investment for project A- 350,000
Investment for project B-10,00,000

9. Calculate Contribution margin from the following -
Sales-Rs 100,000 for projcet A
Sales-Rs 70,000 for project B
Fixed cost- Rs 50,000
Variable cost for projcet A- Rs 20,000
Variable cost for project B= rs 40,000

10. Explain the assumptions of Break- even Analysis. 5 marks.

11. Explain the assumptions of theory of marginal productivity. 10 marks.

12. Explain 14 principles of Henry Fayol detail. 10 marks.

13. " Break even analysis is an essential calculation in the profitability of business." Comment and explain with the help of diagram. 10 marks

14. Differentiate between unity of command and unity of direction 4 marks

15. Explain the principle of division of work and specialisation in detail. 2 marks.

16. Initial cost of equipment is Rs 37500 and annual cash inflows are 10,000. maximum life of the asset is 4 years.

17. Draw break even chart from the following data and also verify numerically.
Fixed cost= Rs 550000 Variable cost= Rs 30 per unit, selling price= Rs 45 per unit.

18. "Management is getting things done through others" comment with the help of Henri Fayol's Principles of Management. 10 marks

19. Give the formula for Margin of safety ratio. 2 marks

20. Give the formula for P/V ratio. 2 marks.

21. “Marginal Productivity theory of distribution is widely acceptable by the trade unions”. Comment and explain the assumptions of the theory.

22.

Cash inflows of project A	Cash inflows of project B	Net Present Value of Re.1 @ 12% discounting factor
300000	260000	0.892
700000	2400000	0.797
236890	564356	0.712
105000	345600	0.635
45632	4567800	0.567
70000	67890	0.507

Scrap Value of project A= Rs 20000
Scrap value of Project B= 50000

Project A: Initial investment - 120000
Project B: Initial Investment- 200,000

22. Calculate economic order quantity and no. Of orders when annual consumption is 500,000 units, ordering cost is 70/unit and carrying cost is Rs 5 per unit.