[Total No. of Questions: 5]

## M.Com. (Semester - III) Examination, Nov. - 2011 ACCOUNTING & FINANCE CO3A1: Strategic Materials Management

Duration: 2 Hours Total Marks: 50 Answer all the questions. Instructions: 1) Each question carries 10 marks. Q1) Answer the following:  $[5 \times 2 = 10]$ a) What is the nature of business ethics? b) What is meant by selective inventory control techniques? c) Differentiate between period and perpetual inventory systems. d) What are the assumptions of JIT? e) Define benchmarking. Q2) a) Explain the utility and the process of environmental analysis. [10] b) Explain the interrelationship between culture and corporate strategy. Q3) a) Explain the broad areas covered by the corporate social responsibility reporting. [10] OR b) Differentiate between value analysis and value engineering. What are the phases of value analysis? [10] Q4) a) Describe the factors considered in locating purchase department in an organization. [10] OR b) 'You should always choose the supplier who offers the lowest price per unit'. Do you agree? Explain. Q5) a) Lee Company has a Singapore plant that manufactures MP3 players. One component is an XT chip. Expected is for 5,200 of these chips in 2011. Lee estimates the ordering cost per purchase order to be Rs. 250. The monthly carrying cost for one unit of XT in stock is Rs. 5. Compute the EOQ and the number of deliveries of XT in 2011. [5] b) Two materials; P and Q; are used as follows -

[5]

Minimum usage: 50 units per week each
Maximum usage: 150 units per week each
Normal usage: 100 units per week each

Ordering quantities: - P - 600 units

Q - 1000 units

Delivery period: -P-4 to 6 weeks

Q-2 to 4 weeks

## Calculate:

i) Minimum stock level

- ii) Maximum stock level; and
- iii) Ordering level.

## OR

- a) Lakeland Company, which produces lawn mowers, purchases 18,000 units of a rotor blade part each at a cost of Rs. 60 unit. Lakeland requires a 15% annual rate of return on investment. In addition, the relevant carrying cost (for insurance, material handling, breakage, and so on) is Rs. 6 per unit per year. The relevant ordering cost per purchase order is Rs. 150. Calculate EOQ, annual carrying and ordering cost for EOQ.
- b) The following figures are taken from Anand and Company; Pune for the period January to June 2011. The value of inventory is Rs. 15 per kg or litere. Calculate material turnover ratio and comment on the result.

Materials	Opening Stock	<u>Purchases</u>	Closing Stock	
AX 002	1,400 kgs	23,000 kgs	400 kgs	1
BT 075	400 Ltrs	22,000 Ltrs	2,400 Ltrs	
NX 099	2,000 kgs	3,600 kgs	2,400 kgs	[5]

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[5]