



# ELIZADE UNIVERSITY, ILARA-MOKIN, ONDO STATE

FACULTY: HUMANITIES, SOCIAL & MANAGEMENT SCIENCES  
DEPARTMENT: ACCOUNTING & FINANCE  
FIRST SEMESTER EXAMINATIONS: 2020/2021 ACADEMIC SESSION  
COURSE CODE: ACF 309 / BUS 309  
COURSE TITLE: ANALYSIS OF ACCOUNTING & BUSINESS DECISION  
DURATION: 2 HOURS  
INSTRUCTION: Attempt section A and any two (2) Questions in section B

## SECTION A

1. ----- is the player seeking to make maximum game
  - A. Maximizer
  - B. Maximar
  - C. Game value
  - D. Manager
  - E. None of the above.
2. The game theory was expounded in
  - A. 1932
  - B. 1956
  - C. 1944
  - D. 1902
  - E. 1909
3. ----- method allows the addition of column and row to create express course of action
  - A. Row -Minima
  - B. Column -Minima
  - C. Column -maxima
  - D. Maxima-minima
  - E. A & C only
4. The minimizer chooses course of action that best reduce ----- possible.
  - A. Strategy
  - B. Profit

C. Objective

D. Sensitivity

E. Pay-off

5. ----- is a preferable course of action or strategy of the other

A. Sum game

B. Value game

C. Domination of action

D. Saddle strategy

E. Game term

6. Game theory was propounded by -----

A. Morgan & Albert

B. Von-Newman & Morgenstern

C. Von-Newman & Kocht

D. Morgenstern & Armsterdam

E. Philips & Anderson

7. To specifically refer to current business expenditures for plant, equipment and other related assets or factor inputs in expectation of future returns.

A. Investment under certainty

B. Financing under certainty

C. Investment under uncertainty

D. Financing

E. Investment

8. ----- is undertaken when an existing capital stock has worn out physically or deteriorated in efficiency and require expensive maintenance.

A. Replacement investment

B. Depreciation

C. Financing and its consistency

D. Minimax regret

E. Cash flow management

9. Assumption of assignment problem include the followings except

- A. The number of assignee and the number of task must be equal.
- B. The objective is to determine how the number of one assignee should be made to minimize the total cost.
- C. There is a cost associated to an assignee in performing a task
- D. Each task is to be performed by exactly one assignee
- E. Each assignee is to be assigned to one task

10. ----- is defined as an action to be selected according to some pre-specified rule of several available alternatives to facilitate a future course of action

- A. Decision
- B. Tactic
- C. Alternatives
- D. State of nature
- E. Strategy

11. ----- is the cost that is incurred as a result of storing or keeping inventory until the time it is needed.

- A. Purchase cost
- B. Ordering cost
- C. Holding cost
- D. Stock out cost.
- E. A & C only.

12. Buffer inventory is also called safety stock and are held in excess of what is required for production so that stock out and loss of customers can be prevented.

- A. True
- B. False

13. Model validation is one of modeling stages that best represents the real life solution to be selected and developed to show the relation and inter-relation between cause and effect.

- A. True
- B. False

14. Iconic model is a type of model that is abstract in nature and uses mathematical symbols, numbers and letters to represent variables and their relationships to describe the property of the system.

- A. True
- B. False

15. Non-negativity is one of the assumptions of Linear Programming (LP).

- A. True
- B. False

2 marks each @ 15 options =

(30 marks)

**SECTION B**

**Question 1.**

Oseni and Atama Company has 3 plants or locations (A, B, C) where its goods can be produced with production capacity of 50, 60, 50 per month respectively for a particular product. These units are to be distributed to 4 points x, y, w, z of consumption with the demand of 50, 70, 30 and 10 per month respectively. The following table gives the transportation cost (in Naira) from various plants to the various points of consumption:

Source/Plant	Destination			
	X	y	w	z
A	21	18	27	22
B	19	18	24	20
C	24	25	28	25

Obtain the initial basic feasible solution by

- (a) North West Corner Rule (NWCR)
- (b) Least Cost Method

(7½ marks)

(7½ marks)

(Total: 15 marks)

**Question 2.**

$$\text{Max } \Pi = 6X_1 + 8X_2$$

$X_1, X_2$

S.t.  $30X_1 + 20X_2 \leq 300$

$5X_1 + 10X_2 \leq 110$

$X_1, X_2 \geq 0$

**Required:**

Use the simplex method in Linear Programming Problem (LLP) to maximise profit or contribution.

*(15 marks)*

### Question 3

(a). Consider a situation where the mean arrival rate ( $m$ ) is one customer in every 4 minutes and the mean service time ( $1/\lambda$ ) is  $2\frac{1}{2}$  minutes per customer. Calculate:

i. The average number of customers in the system *(3 marks)*

ii. The expected customer time in the system. *(3 marks)*

(b). You are the financial controller of Atama Nig. Plc and the company is desirous of adding a new product line and has spent ₦500,000 on preliminary research. The business climate has become much more uncertain and the management has the following proposals.

i. Abandon the project and write off the ₦500,000 preliminary expense as loss.

ii. Launch the product line since there is 50% chance of improved economic situation.

iii. Conduct a further market survey to determine the actual market situation at a cost of ₦350,000. The probability of the production is 0.7.

A good market condition will yield a profit of ₦3,200,000 per week.

A bad market situation will cause a weekly loss of ₦1,000,000.

**Required:**

Assist the management to make the right decision to maximize profit. *(9 marks)*

*(Total: 15 marks)*