

**BBA-501**

**FINANCIAL MANAGEMENT-II**

Time Allotted: 3 Hours

Full Marks: 70

*The questions are of equal value.  
The figures in the margin indicate full marks.  
Candidates are required to give their answers in their own words as far as practicable.*

**GROUP A  
(Multiple Choice Type Questions)**

1. Answer any *ten* questions. 10×1 = 10
- (i) Clock card is used for
- (A) time booking
  - (B) time keeping
  - (C) idle time recording
  - (D) calculating wages of daily workers
- (ii) Most suitable basis of apportionment of Factory Rent to Production Dept. is
- (A) floor area
  - (B) horse power
  - (C) number of workmen
  - (D) number of light points
- (iii) Aggregate of Indirect costs of all elements of cost is
- (A) prime cost
  - (B) overhead cost
  - (C) work cost
  - (D) cost of sales
- (iv) Identify the method of payment of incentive
- (A) pay packet scheme
  - (B) Rowan scheme
  - (C) compensation scheme
  - (D) none of these

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- (v) Which method of pricing of materials issues closely resembles the current market price of inventory?
- (A) FIFO (B) LIFO  
(C) Weighted Average (D) HIFO
- (vi) Carriage outwards is an item of
- (A) selling and distribution overhead (B) factory overhead  
(C) administrative overhead (D) mixed overhead
- (vii) An overhead absorption rate of Rs 12 per direct labour hour was established based on a budget of 2100 hours. Actual direct labour hours worked were 2180 and the actual overhead expenditure was Rs 25470. What was the over/under absorption of overhead?
- (A) Rs 690 overabsorbed (B) Rs 270 underabsorbed  
(C) Rs 960 overabsorbed (D) Rs 960 underabsorbed
- (viii) Cost of production is equal to
- (A) works cost plus administration overheads  
(B) prime cost plus works cost  
(C) prime cost plus works overhead  
(D) works overhead plus administration overhead
- (ix) In job order costing the basic document to accumulate the cost of each job is the :
- (A) invoice (B) purchase order  
(C) requisition sheet (D) job-cost-sheet
- (x) Process costing is used in
- (A) cotton-textile  
(B) road repair  
(C) Hospital outdoor patient department  
(D) repair shop

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- (xi) In ABC analysis, A category indicates the item of material carrying 10-20% of the total cost
- (A) 10-20 % of the total cost                      (B) 70-85 % of the total cost  
(C) 5-10 % of the total cost                      (D) none of these
- (xii) Which of the following should be classified as a production cost incurred by manufacturing company?
- (A) commission and bonus pay to salesman  
(B) office administration expenses  
(C) promotional and advertisement expenses  
(D) wages and salaries to the workers that pack and inspect goods.

**GROUP B**  
**(Short Answer Type Questions)**

Answer any *three* questions.

3×5 = 15

2. Distinguish between cost accounting and financial accounting.
3. What is labour turnover? What are the causes of it?
4. A manufacturer sells 75,000 units of a particular material per year. The material cost is Rs 1.50 per unit and the carrying cost is estimated to be 25% p.a. of average inventory cost. The cost of placing an order is Rs 18. You are required to determine the EOQ and frequency of order p.a.
5. Distinguish between job costing and contract costing.
6. What do you understand by over and under absorption of overhead? How are they treated in cost accounting?

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**GROUP C**  
**(Long Answer Type Questions)**

Answer any *three* questions.

3×15 = 45

7. Y Ltd produces a single product which undergoes two processes. From the following information prepare Process Accounts, Normal Loss Account, Abnormal Loss Account and Abnormal Gain Account.

DETAILS	PROCESSES	
	A	B
Raw materials issued (3000 units) (in Rs.)	15000	—
Additional materials (in Rs.)	1000	780
Direct wages (in Rs.)	14000	20000
Production Overhead (in Rs.)	3000	7500
Normal loss as % of Input	10%	5%
Scrap Value per unit ( in Rs.)	2	5
Output in units	2800	2600

8. The following are the particulars in respect of contract No B96 for the year ended 31.12.2013. Prepare a Contract Account

	Amount (in Rs)		Amount (in Rs)
Contract price	800000	Materials returned to stores	5000
Materials sent to site	150000	Material lying unconsumed	8000
Wages Paid	180000	Materials stolen from site	10000
Wages unpaid	3000	Insurance claim (admitted for materials stolen)	7000
Plant sent to site	200000	Work certified	11000
Cash received	360000	Other expenses	26000

Plant is subject to a depreciation of 7.50% p.a. and cash has been received to the extent of 90% of work certified.

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9. (a) A company operates a financial accounting system and a cost accounting system. Extracts from the both financial and cost accounts for the year are shown below. You are required to prepare a reconciliation statement or account. The final financial accounts included the following:

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	Rs
Debenture Interest	20,000
Interest received	10,000
Discount received	9,000
Discount allowed	24,000
Net Profit	5,70,000

Stock Valuations	Opening in Rs	Closing in Rs
Raw materials	1,52,000	1,98,000
Work-in-progress	66,000	72,000
Finished good	84,000	87,000

The final cost accounts included the following:

	Rs
Interest on capital	90,000
Notional Rent	60,000
Administration overhead over-absorbed	20,000
Production overhead under-absorbed	25,000
Selling and distribution overhead over-absorbed	24,000

Stock Valuations	Opening in Rs	Closing in Rs
Raw materials	1,64,000	1,87,000
Work-in-progress	61,000	68,000
Finished goods	90,000	94,000

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- (b) Difference between Control Accounts System and Integrated Accounts System

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10. Calculate the machine hour rate from the information given below:

	Rs
Cost of the machine	2,00,000
Installation charges	10,000
Estimated scrap value after the expiry of its life (15 years)	5,000
Rent and rates for the shop per month	200
General lighting for the shop per month	300
Insurance premium for the machine per month	80
Repairs and maintenance expenses per annum	1000
Power consumption-10 units per hour	-----
Rate of power (100 units)	20
Shop supervisor's salary per month	600
Estimated working hours per annum-2,000	

The machine occupies 1/4 th of total area of the shop. The supervisor is expected to devote 1/5<sup>th</sup> of his time for supervising the machine.

11. Write short notes on any *three* of the following:

3×5

- (a) Certified Work
- (b) Danger Level
- (c) Cost-Plus Contract
- (d) Spoilage
- (e) Card-Time Recording System