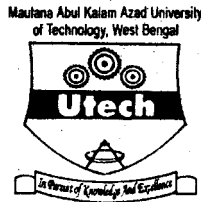


**CS/BBA(H)/ODD SEM/SEM-5/BBA-501/2016-17**



**MAULANA ABUL KALAM AZAD UNIVERSITY OF  
TECHNOLOGY, WEST BENGAL**

**Paper Code : BBA-501**

**FINANCIAL MANAGEMENT-II**

*Time Allotted : 3 Hours*

*Full Marks : 70*

*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. Choose the correct alternatives for any *ten* of the following :  $10 \times 1 = 10$

- i) The method which gives most favourable inventory value in times of falling prices is known as
- a) LIFO method
  - b) FIFO method
  - c) Simple average method
  - d) Weighted average method.

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- ii) Prime cost account consists of the amount paid for
  - a) Direct material, indirect materials and cost of packaging
  - b) Direct labour, indirect labour, gratuity and PF.
  - c) Direct material, Direct labour and Direct expenses.
  - d) Salaries and wages and Direct expenses.
  
- iii) Operating costing is applicable in case of
  - a) manufacturing industries
  - b) service industries
  - c) transport sector
  - d) hospitals and nursing homes with operation theatres.
  
- iv) An example of variable cost is
  - a) Insurance of machinery
  - b) Manager's salary
  - c) Labour cost
  - d) Depreciation.

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- v) In which of the following plans 50% weight is taken for calculation of bonus ?
- a) Halsey Premium Scheme
  - b) Rowan Plan
  - c) Both of these
  - d) None of these.
- vi) At the time of calculating the cost per unit of a particular process, the ..... units need to be deducted.
- a) production
  - b) selling
  - c) normal loss
  - d) abnormal loss.
- vii) Advertisement charges is an example of
- a) Office overhead
  - b) Administrative overhead
  - c) Factory overhead
  - d) Selling overhead.

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viii) Normal loss can be valued on the basis of

- a) market price per unit
- b) cost price per unit
- c) scrap value per unit
- d) none of these.

ix) The formula to be used to calculate minimum level of stock in a petrol pump is

- a) reorder level  $\times$  minimum reorder period
- b) reorder level + reorder quantity  $\times$  minimum reorder period
- c) (reorder level + reorder quantity) - (minimum usage  $\times$  minimum reorder period)
- d) reorder level - normal usage  $\times$  average reorder period.

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- x) The canteen expenses should be apportioned to cost centers by
- a) floor area
  - b) the number of employees
  - c) the replacement value of machinery and equipment
  - d) kilowatt-hours.
- xi) Which of the following is not considered to be a benefit of activity-based costing ?
- a) More accurate product cost
  - b) Reduced complexity of calculating costs
  - c) Inclusion of non-manufacturing cost
  - d) More detailed understanding of what drives cost.

**GROUP - B**

**( Short Answer Type Questions )**

Answer any *three* of the following      $3 \times 5 = 15$

2. How do you calculate Minimum Level, Maximum Level and Re-order Level ?

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3. From the following particulars find out the value of closing stock when materials are issued under FIFO method.

2016, December 1 Balance 200 units, Rs. 1,000  
3 Receipts 300 units @ Rs. 6.00 per unit  
4 Issues 350 units  
6 Issue 50 units  
10 Receipts 200 units @ Rs. 6.50 per units  
15 Issues 150 units

4. Describe with an example the accounting treatment of normal loss, abnormal loss and abnormal gains in process costing.
5. A worker produced 200 units in a week's time. The guaranteed weekly wage payment for 45 hours is Rs. 81. The expected time to produce one unit is 15 minutes which is raised further 20% under the incentive scheme. What will be earnings per hour of that worker under Halsey scheme ?
6. Explain the importance of operating costing with some applications.

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**GROUP - C**

**( Long Answer Type Questions )**

Answer any *three* of the following.  $3 \times 15 = 45$

7. Prepare Store Ledger as per first in first out method of pricing of issue of materials :

<b>2015</b>		<b>Units</b>	<b>Rate</b>
April			
1	Opening balance	1,000	Rs. 5
3	Received	5,000	Rs. 6
4	Issued	3,000	
6	Issued	2,000	
8	Received	3,000	Rs. 5
9	Issued	2,000	

The weekly physical stock taking on April 7, 2015 showed a shortage of 100 units.

8. From the following particulars regarding the single output (P-151, a pivot for cars) of Sullivan Automobile Ancillaries Ltd., for the quarter ended on 31st December, 2015, prepare (a) a statement of cost of production; and (b) a statement of profit or loss,

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assuming weighted average method is followed by the company for valuation of closing stock of finished goods :

<b>Stock</b>	<b>1.10.2015</b>	<b>31.12.2015</b>
Raw materials	Rs. 40,000	Rs. 50,000
Work-in-progress	Rs. 50,000	Rs. 70,000
Finished goods	Rs. 72,000 (4000 units)	? (5000 units)

Purchase of raw materials	Rs. 1,60,000
Direct labour	Rs. 1,10,000
Chargeable expenses	Rs. 40,000
Machine hour rate	Rs. 16 per hour
Machine hours worked	5000 hours
Office and administration overhead	@ Rs. 4.80 per unit
Selling and distribution overhead	@ Rs. 3.00 per unit
Sale of 24,000 units	@ Rs. 26.00 per unit

What would be the difference in stock value if the company follows FIFO method for valuation of closing stock ?

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9. Ultra Modern Limited is divided into five departments of which *A* & *B* are production departments and the other three departments are service departments : Power House, Stores and Repair shop. The actual costs for a certain period are as follows :

Production Departments : *A* – Rs. 85,000, *B*-Rs. 70,000

Service Departments : Power House – Rs. 47,350;

Store – Rs. 15,000; Repair shop – Rs. 60,500. The

expenses of service departments are distributed on a

percentage basis as under : Power House – 25% to

Repair shop, 25% to Department. *A*, 50% to Department

*B*. Store – 10% to Power House, 20% to Repair shop,

30% to Department *A*, 40% to Department *B*. Repair

shop- 20% to Power House, 30% to Department *A*, 50%

to Department *B*.

Prepare a statement showing distribution of service

department expenses to production departments using

simultaneous equations method.

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10. M/s. Ram Manufacturing Co. Ltd. intends to submit a tender. You are given the following particulars :

Stock of finished goods as on 31st December, 2006	Rs. 72,800
Stock of Raw material as on 31st December, 2006	Rs. 33,280
Sales of Finished Goods	Rs. 15,39,200
Productive wages	Rs. 5,16,880
Purchase of Raw Material	Rs. 7,59,200
Works overhead charges	Rs. 1,29,220
Office overhead expenses	Rs. 70,141
Stock of Finished goods as on 31st December, 2017	Rs. 78,000
Stock of Raw Material as on 31st December, 2007	Rs. 35,360

Prepare :

- a) The cost of ray material consumed
- b) Prime cost
- c) Work cost
- d) Total cost
- e) The % of work cost to productive wages
- f) The % of office cost to work cost.

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11. Write short notes on any *three* of the following : 3 × 5

- a) Sunk cost
  - b) Batch costing
  - c) Abnormal gain in process costing
  - d) Activity Based Costing System
  - e) Cost-plus contract.
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