



Name : .....

Roll No. : .....

Invigilator's Signature : .....

**CS/BBA(H)/SEM-5/BBA-501/2009-10  
2009**

**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 × 1 = 10

- i) Bin cards in a computerized accounting system are maintained by
  - a) storekeeper
  - b) accountant
  - c) cost accountant
  - d) auditors.
  
- ii) Which of the following manufacturing industries apply process costing ?
  - a) Chemicals
  - b) Automobile ancillaries
  - c) Marble flooring
  - d) Garments.



- iii) Retention money represents
  - a) difference between value of work certified and cash received
  - b) only cash received
  - c) difference between cost of work certified and cash received
  - d) none of these.
- iv) Salary of supervisor is mostly considered as a
  - a) factory overhead
  - b) selling and distribution overhead
  - c) variable cost
  - d) direct cost.
- v) Prime cost amount consists of the amount paid for
  - a) direct materials
  - b) direct labour
  - c) direct materials, direct labour and direct expenses
  - d) salaries and wages.
- vi) Cost of goods manufactured is
  - a) expired cost
  - b) added cost of a new product
  - c) costs of goods manufactured, adjusted for changes in finished goods stock
  - d) costs of completed production after adjustment for work in progress inventory.



- vii) Which of the following methods of apportionment is most suitable for allocating the rent of building between cost centres ?
- a) Number of employees
  - b) Machine hours
  - c) Floor area
  - d) Kilowatt-hours.
- viii) The canteen expenses should be apportioned to cost centres by
- a) floor area
  - b) the number of employees
  - c) the replacement value of machinery and equipment
  - d) kilowatt-hours.
- ix) Increase in total variable cost is due to
- a) increase in fixed cost
  - b) increase in sales
  - c) increase in production
  - d) increase in purchase.
- x) The costs which are incurred after being incurred are called
- a) imputed cost
  - b) historical cost
  - c) sunk cost
  - d) opportunity cost.

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xi) In most of the industries, the most important element of cost is

- a) material
- b) labour
- c) overhead
- d) none of these.

xii) In which of the following method of pricing, costs lag behind the current economic value ?

- a) Last in first out
- b) First in first out
- c) Replacement price
- d) Weighted average price.

**GROUP – B**

**( Short Answer Type Questions )**

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

2. Why is reconciliation of cost and financial accounting necessary ?
3. What is EOQ ? State the assumptions taken while applying EOQ.
4. State the differences between Contract Costing and Job Costing.
5. What do you mean by over-and under-absorption of overhead ? How they are treated in cost accounts ?



6. Name at least 2 industries in which each of the following methods would be suitable :
- Process costing
  - Operating costing
  - Job costing
  - Batch costing
  - Unit costing.
7. A transport company runs 4 buses between two points which are 10 km apart. The seating capacity of each bus is 50 passengers but only 80% of this capacity is utilised on an average. Each bus runs on 30 days in a month and makes three round trips every day. Compute total passenger-kilometer per month of all buses.

**GROUP – C**

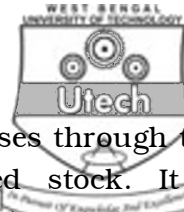
( Long Answer Type Questions )

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

8. a) Distinguish between normal loss and abnormal loss of materials.
- b) Bharat Manufacturing Company uses copper wire which is purchased from the market as when necessary. The following purchases and issues were made during the month of January, 2007 :

<i>Date</i>	<i>Quantity received</i>	<i>Rate per unit</i>	<i>Quantity issued</i>
1.4.2009	400	2.10	—
5.4.2009	500	2.20	—
11.4.2009	—	—	500
16.4.2009	600	2.50	—
20.4.2009	—	—	900

Prepare stores ledger account for the above transactions according to FIFO, LIFO and Weighted average methods of pricing issue of materials.  $3 + 12$



9. The product of a manufacturing concern passes through two processes A and B and then to finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrapped which realizes Rs. 80 per ton and Rs. 200 per ton from processes A and B respectively. The following are the figures relating to both the processes :

	<b>Process A</b>	<b>Process B</b>
Basic materials	1,000 tons	70 tons
Cost of materials per ton	Rs. 125	Rs. 200
Wages	Rs. 28,000	Rs. 10,000
Manufacturing expenses	Rs. 8,000	Rs. 5,250
Output	830 tons	780 tons

Prepare process accounts showing cost per ton of each process. There was no stock of work-in-process in any process. 15

10. a) What do you mean by Labour Turnover ?  
 b) From the following data provided to you find out the Labour Turnover Rate by applying  
 i) Flux method  
 ii) Replacement method  
 iii) Separation method

No. of workers on the payroll —

At the beginning of the month — 500

At the end of the month — 600

During the month 5 workers left, 20 persons were discharges and 75 workers were recruited. Of these 10 workers were recruited in the vacancies of those leaving, while, the rest were engaged for an expansion scheme.

15



11. Modern Construction Company with a paid-up share capital of Rs. 50 lakhs undertook a contract LIG Houses. The contract work commenced on 1.1.2007 and the contract price was Rs. 50 lakhs. Cash received on account of contract on 31.12.2007 was Rs. 18 lakhs ( 90% of the work certified ). Work completed but not certified was estimated at Rs. 1,00,000. As on 31.12.2007, material at site was estimated at Rs. 30,000 and machinery at site costing Rs. 2,00,000 was return to stores. Plant and machinery at site is to be depreciated at 5%. Wages outstanding on 31.12.2007 was Rs. 5,000.

The following were ledger balances ( Dr. ) as per Trial Balance as on 31.12.2007 :

Land & building	15,00,000	Fuel & power	1,25,000
Plant & machinery at cost (60% at site)	25,00,000	Site expenses	5,000
Lorries & other vehicles	8,00,000	Postage & telegram	4,000
Furniture	50,000	Office expences	8,000
Materials sent to site	14,00,000	Rent & rates	15,000
Other equipments	10,000	Cash at bank	1,33,000
		Wages	2,50,000

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Prepare the Contract Account to ascertain the profit from the contract and Balance Sheet.



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

- a) Activity Based Costing ( ABC )
  - b) Economic Order Quantity ( EOQ )
  - c) Escalation clause
  - d) Opportunity costs
  - e) Imputed costs
  - f) Abnormal loss.
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