

Name :

Roll No. :

Invigilator's Signature :

**CS/BBA(H)/SEM-5/BBA-501/2010-11
2010-11
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.*

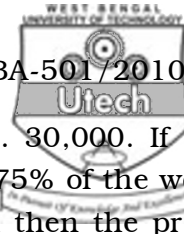
GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following : 10 × 1 = 10
- i) Economic order quantity of inventories of a manufacturing firm is computed so that
 - a) the ordering and carrying costs are least
 - b) the ordering and stock-out costs are least
 - c) the ordering and back ordering costs are least
 - d) the cost of materials are least.
 - ii) The formula to be used to calculate minimum level stock in a petrol pump is
 - a) Reorder level × Minimum reorder period
 - b) Reorder level + Reorder quantity × Minimum reorder period
 - c) (Reorder level + Reorder quantity) – (Minimum usage × Minimum reorder period)
 - d) Reorder level – Normal usage × Average reorder period.



- iii) Pricing of material issues closely resembles the current market value under
 - a) Last-in-first-out
 - b) First-in-first-out
 - c) Simple average
 - d) Weighted average.
- iv) FIFO method of pricing the issue tends to show higher net profit
 - a) during a period of rising prices
 - b) during a period of falling prices
 - c) during a period of constant prices
 - d) during a period when prices move erratically.
- v) According to Wheldon the formula of Reorder level is given by
 - a) Maximum consumption \times Maximum reorder period
 - b) Maximum consumption \times Minimum reorder period
 - c) Normal consumption \times Maximum reorder period
 - d) Minimum consumption \times Maximum reorder period.
- vi) What is the full form of HIFO ?
 - a) Higher In Final Out
 - b) Highest In First Out
 - c) Hedging In Final Out
 - d) Holding In First Out.
- vii) High performance of labour turnover implies
 - a) high cost of labour
 - b) high cost of production
 - c) both (a) & (b)
 - d) none of these.



- viii) The national profit on a contract is Rs. 30,000. If the contract is about 2/3rd completed and 75% of the work certified is received in the form of cash then the profit transferred to Profit and Loss Account shall be
- a) Rs. 10,000 b) Rs. 15,000
c) Rs. 20,000 d) None of these.
- ix) In joint product costing all joint products have
- a) same unit cost
b) different unit cost
c) different price
d) none of these.
- x) Finished stock of one process becomes the raw materials of another process which is
- a) sequential process b) selective process
c) parallel process d) joint process.
- xi) Which of the following is not a method for secondary apportionment of overhead on reciprocal basis ?
- a) Repeated distribution method
b) Steps method
c) Trial and error method
d) Simultaneous equation method.
- xii) VED stands for
- a) Valuable - Essential - Desirable
b) Vital - Essential - Desirable
c) Vital - Economic - Desirable
d) Valuable - Economic - Desirable.

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GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following.

3 × 5 = 15

2. Explain the steps involved in installation of costing system.
3. About 50 items are required everyday for a machine. A fixed cost of Rs. 50 per order is incurred for placing an order. The inventory carrying cost per item amounts to Re. 0.02 per day and the lead period is 32 days. Compute :
 - a) Economic order quantity
 - b) Reorder level.
4. What do you mean by absorption ? Distinguish between allocation and apportionment. 2 + 3
5. What are the main causes of labour turnover ?
6. A machine was purchased on January 1, 2008 for Rs. 5 lakhs. Estimated life of the machine is 10 years and scrap value at the end of 10 years is Rs. 5,000.

Repair and maintenance Rs. 2,000 p.a.

Estimated number of working hours Rs. 4,000 p.a.



GROUP – C

(Long Answer Type Questions)

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

7. From the following particulars you are required to prepare a cost sheet of Kolkata Works :

	Rs.
Stock of finished goods — 31. 12. 2008	72,800
Stock of raw materials — 31. 12. 2008	32,280
Purchase of raw materials	7,59,200
Productive wages	7,59,200
Sales of finished goods	27,23,500
Stock of finished goods — 31. 12. 2009	78,000
Stock of raw materials — 31. 12. 2009	35,360
Works overhead charges	3,03,680
Office and general expenses	3,64,000

In early 2010 the company was about to sent a tender for a large plant. The costing department estimates that, the material required would cost Rs. 52,000 and the wages to workmen for making the plant would cost Rs 31,200. What should be the amount of the tender, if the same percentage of profit on selling price as in 2009 is desired ? 10 + 5

8. a) Differentiate between merit rating and job evaluation.
- b) From the following particulars you are required to work out the earnings of a worker for a week under :
- i) straight piece-rate
 - ii) differential piece-rate



iii) Halsey premium bonus (50% sharing)

iv) Rowan premium bonus scheme :

Weekly working hours	48
Hourly wage rate	Rs. 7.50
Normal time taken per piece	20 mins.
Normal output per week	120 pieces
Actual output for the week	150 pieces
Differential piece rate	80% of piece rate when output is below normal & 120% of piece rate when output is at or above normal

5 + 10

9. ABC Ltd. manufactures a product which passes through two processes – A and B and then it is transferred to Finished Stock A/c. From the following particulars prepare process accounts.

	Process A	Process B
Input (units)	30,000	26,000
Materials (Rs.)	60,000	8,000
Labour (Rs.)	36,000	30,550
Overhead (Rs.)	18,000	21,900
Normal Loss	10%	?
Scrap Value per unit (Rs.)	2	3

There was no opening or closing w-i-p. The output from Process B transferred to Finished Stock was 25,000 units. These finished goods are sold at Rs. 7.5 per unit with a profit of Re. 1 per unit. What was normal loss rate in Process B ?

5 + 5 + 5



10. Bengal Engineering Pvt. Ltd. has three production departments X, Y, Z and one service department S. The company furnishes the following particulars for 2010 :

Expenses	Rs.
Rent	34,000
Power	18,400
Depreciation on machinery	22,000
Indirect wages	5,300
Canteen expenses	5,700
Electricity	4,600

The following further details regarding the departments are available :

	X	Y	Z	S
Floor space (Sq. ft.)	2,000	3,000	2,400	1,000
Light point (Nos.)	18	12	10	6
Cost of machines (Rs.)	80,000	50,000	60,000	10,000
Horsepower of machines	30	20	40	10
No. of workers	7	5	5	2
Direct wages (Rs.)	15,000	16,000	18,000	4,000

Apportion the above expense among the department.
Expenses of service department are to be apportioned to the production departments as X 50%; Y 25%; Z 25%; 5 + 10

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



- a) Cost audit
- b) Treatment of material losses
- c) Incentive scheme
- d) Unit costing system
- e) Reconciliation of cost and financial accounts.

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