



Name :

Roll No. :

Invigilator's Signature :

CS/BBA(H)/SEPARATE SUPPLE/SEM-5/BBA-501/2011

2011

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 the following : $10 \times 1 = 10$
 - i) Clock card is used for
 - a) Time booking
 - b) Time keeping
 - c) Idle Time recording.
 - ii) Most suitable basis of apportionment of Factory Rent to Production Dept. is
 - a) Floor area
 - b) Horse power
 - c) Number of workmen.



- iii) Aggregate of indirect costs of all three elements of cost is
- a) prime cost
 - b) overhead cost
 - c) none of these.
- iv) Identify the method of payment of incentive
- a) Halsey scheme
 - b) Rowan scheme
 - c) Both of these.
- v) Which method of pricing of materials issues closely resembles the current market price
- a) FIFO
 - b) LIFO
 - c) Weighted average.
- vi) Carriage outwards is an item of
- a) Selling & distribution overhead
 - b) Factory overhead
 - c) Administrative overhead.



- vii) Reduction in quantity per order reduces cost of
- a) Ordering
 - b) Inventory holding
 - c) Both of these.
- viii) Application of operating costing is appropriate for
- a) chemical industry
 - b) garment factory
 - c) transport services.
- ix) Under absorption costing, product cost includes
- a) Variable costs only
 - b) Fixed costs only
 - c) Both of these.
- x) Book value of an old asset is
- a) Imputed cost
 - b) Sunk cost
 - c) Opportunity cost.



GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following.

3 × 5 = 15

2. What is imputed cost ? Explain with example.
3. What is labour turnover ? What are the methods of measuring labour turnover ?
4. An item has demand of 1,500 units per month. The cost of placing order is Rs. 200 per order and the inventory holding cost per unit per year is Rs. 1.80. Determine the economic order quantity :
5. You are required to compute overhead rate per machine hour and the amount of under or over-absorption of overhead from the following budget working conditions for a cost centre :

Normal working week	408 hours
Number of week per year	52
Number of machines	10
Normal loss for maintenance per week	5 hours per machine
Estimated overhead expenses	Rs. 1,45,600
Actual results in respect of a 4 week period are	
Overhead expenses incurred	Rs. 13,500
Machine hours produced	1500 hours.



6. Write short notes on any *one* of the following :

- a) Inflated issue price
- b) Under absorption of overhead
- c) Differential cost.

GROUP – C

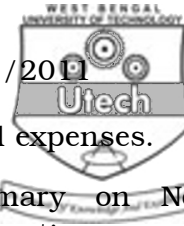
(Long Answer Type Questions)

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

7. a) Explain absorption costing.
- b) From the following information of a manufacturing concern prepare a cost sheet to compute the cost of sales and profit for the year ended 31. 03. 2009 :

Stock as on	01.04.08	31.03.09
	Rs.	Rs.
Raw materials	3,000	4,000
WIP	4,000	6,000
Finished goods	8,000	7,000
During the year —		
Sales		3,00,000
Raw materials purchased		1,20,000
Carriage inwards		1,000
Direct wages		80,000
Factory overhead 50% of Direct wages		
Administrative overhead 10% of works cost		
Selling overhead 5% of sales		

3 + 12



8. a) Discuss primary distribution of overhead expenses.
 b) Prepare secondary distribution summary on Non-Reciprocal basis from the following information :

There are 2 service cost centres A & B and 3 production cost centres X, Y & Z.

	A	B	X	Y	Z
Overhead expenses incurred (Rs.) (from primary distribution)	1000	1200	4000	2000	1500
Services rendered by A (%)		15	25	10	50
Services rendered by B (%)	10		20	40	30

3 + 12

9. From the following particular prepare Contract Account No. 007, calculating and incorporating therein the profit to be taken to the Profit & Loss Account for the year ended 31st March 2009.

Particulars	Rs.
Materials sent to site	1,70,698
Labour engaged on site	1,48,750
Cost of plant installed at site	30,000
Direct expenses including insurance of works	6,334
Establishment expenses	8,252
Materials returned to stores	1,098
Work certified	3,90,000
Cost of work not certified	9,000
Materials in hand on 31.03.09	3,766
Wages accrued and due on 31.03.09	4,800
Insurance premium accrued and due on 31.03.09	480
Value of plants as revalued on 31.03.09	22,000

The contract price agreed upon with the contractee is Rs. 5,00,000. Payment of Rs. 3,60,000 has been received from the contractee.



10. Prepare necessary process accounts from the following information :

Particulars		Process-I	Process-II
Direct Material	Rs.	20,000	26,000
Direct labour	Rs.	20,000	26,200
Production overhead	Rs.	40,000	20,000
Scrap value per unit	Rs.	10	10
Output	(Units)	19,000	18,800
Normal loss of input	%	5	5

20,000 units costing Rs. 1,20,000 are introduced in Process-I.

11. a) Discuss features of an effective incentive plan.
- b) Worker X completes a job in 16 hrs. while worker Y takes 15 hrs. to complete the same. Standard time allowed for the job is 20 hrs. the hourly wage rate is same for the workers. X is entitled to bonus per Halsey Plan (50% sharing) and Y is entitled to bonus per Rowan Plan. Factory overhead is absorbed @ Rs. 6 per labour hour worked. Factory cost of the job comes to Rs. 2240 irrespective of the worker engaged. Find out the hourly wage rate, cost of raw material and factory overhead included in Factory cost in case of both the workers.

3 + 12