



Name :

Roll No. :

Invigilator's Signature :

**CS/BBA(H)/SEP. SUPPLE/SEM-5/BBA-501/2012
2012**

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) Which of the following cost is incurred before getting the benefit ?
- a) Deferred Costs
 - b) Expired Costs
 - c) Loss
 - d) Specific Costs.



- ii) Factory Cost comprises of
 - a) Prime Cost and Administrative Overhead
 - b) Prime Cost and Factory Overhead
 - c) Cost of Production and Selling and Distribution Overhead
 - d) None of these.
- iii) Fixed costs, variable costs and semi-variable costs are the classification of cost on the basis of
 - a) function
 - b) elements
 - c) time
 - d) variability.
- iv) Lead time represents
 - a) time required for placing order
 - b) time required for receiving materials
 - c) time required between placing order and receiving the materials in store
 - d) none of these.
- v) ABC Analysis is a method of
 - a) stock codification
 - b) stock classification
 - c) both (a) and (b)
 - d) none of these.
- vi) Hospitals and Educational Institutions mainly follows which type of costing ?
 - a) Job Costing
 - b) Operating Costing
 - c) Process Costing
 - d) None of these.



GROUP - B

(Short Answer Type Questions)

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

2. What do you mean by over and under absorption of overhead ? How are they treated in cost accounts ?
3. State the consequences of High Labour Turnover in an industry.
4. 'Cost audit should be applicable at a periodic basis.' Explain.
5. Compute the value of purchase of raw materials :

Direct Labour Cost Rs. 17,500 (175% of works overhead),
cost of goods sold (excluding administration overhead)
Rs. 56,000, selling overhead Rs. 3,500, administration
overhead Rs. 2,500, Sales Rs. 75,000.

As on 1. 4. 2011 As on 31. 3. 2012

	Rs.	Rs.
Raw Material	8,000	10,600
Work in progress	10,500	14,500
Finished goods	17,600	19,000

6. What do you mean by 'Joint Product' ?



GROUP - C

(Long Answer Type Questions)

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

7. A company has three production departments and two service departments. Distribution summary of overhead is as follows :

Production Departments A Rs. 13,600, B Rs. 14,700, C Rs. 12,800,

Service Departments X Rs. 9,000, Y Rs. 3,000,

The expenses of service departments are changed on a percentage basis which is as follows :

	<i>Deptt. A</i>	<i>Deptt. B</i>	<i>Deptt. C</i>	<i>Deptt. X</i>	<i>Deptt. Y</i>
<i>Deptt. X</i>	40%	30%	20%	—	10%
<i>Deptt. Y</i>	30%	30%	20%	20%	—

Apportion the Cost Service Departments by using the Repeated Distribution Method.

8. Elaborate the nature and scope of Cost Accounting. What are the challenges in pricing decisions ? Differentiate between abnormal and normal gains. $5 + 5 + 5$



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

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 & Rates for the shop per month	200
General lighting for the shop per month	300
Insurance premium for the machine per month	80
Repairs & maintenance expenses per annum	1,000
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 $\frac{1}{4}$ th of total area of the shop. The supervisor is expected to devote $\frac{1}{5}$ th of his time for supervising the machine.

10. From the following data prepare a reconciliation statement :

	Rs.
Profit as per cost account	1,45,500
Works overheads under-recovered	9,500
Administrative overheads under-recovered	22,750
Selling overheads over-recovered	19,500

Contd.



Rs.

Over-valuation of opening stock in cost accounts	15,000
Over-valuation of closing stock in cost accounts	7,500
Interest earned during the year	3,750
Rent received during the year	27,000
Bad debts written off during the year	9,000
Preliminary expenses written off during the year	18,000

11. Describe the relevance, advantages and disadvantages of the following methods in a tabular form : 5 × 3

- i) Straight time rate system
- ii) Straight piece rate system
- iii) Tailor's differential piece rate system
- iv) Merick's Differential piece rate system
- v) Emerson's efficiency bonus plan.

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

- a) Material Control objectives
- b) Idle time
- c) Job costing
- d) Inter-process profits
- e) Non-integral system of cost records.

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