



Name :

Roll No. :

Invigilator's Signature :

CS/BBA (H)/SEM-5/BBA-501/2011-12

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.*

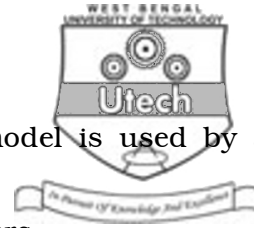
GROUP – A

(Multiple Choice Type Questions)

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

- i) Fixed cost per unit increases when
 - a) production increases
 - b) production decreases
 - c) variable cost per unit decreases
 - d) prime cost per unit decreases.

- ii) Indirect costs can also be described as
 - a) overhead costs
 - b) prime costs
 - c) variables costs
 - d) total costs.



- iii) Economic order quantity (EOQ) model is used by a business to
- a) minimise the cost of placing orders
 - b) minimise the unit purchase price of inventory
 - c) minimise the combined costs of placing orders and carrying inventory
 - d) minimise the required amount of safety stock.
- iv) Welfare expenses will be shown in the cost sheet under
- a) Selling overhead
 - b) Administrative overhead
 - c) Office overhead
 - d) Works overhead.
- v) A business's telephone bill should normally be classified into which one of the following categories ?
- a) Fixed cost
 - b) Stepped fixed cost
 - c) Semi-variable cost
 - d) Variable cost.
- vi) In the perpetual inventory system stocktaking
- a) is not done ever
 - b) is periodical
 - c) is at the time of winding up
 - d) is continuous.
- vii) Closing stock is valued at cost or market price, whichever is
- a) higher
 - b) lower
 - c) convenient to the management
 - d) appealing to the account.



- viii) When LIFO method is in use, the closing inventory is valued at
- a) current market prices
 - b) most recent cost paid
 - c) older prices paid
 - d) prices furthest from actual cost.
- ix) Which of the following expenditures are included in prime cost ?
- a) Direct wages
 - b) Direct wages & indirect wages
 - c) All expenses
 - d) None of these.
- x) Factory overhead includes
- a) depreciation of plant & machinery
 - b) depreciation of furniture
 - c) direct expenses
 - d) none of these.
- xi) Bin card is maintained by
- a) Stores keeper
 - b) Accountant
 - c) Cost accountant
 - d) Auditors.
- xii) Which of the following manufacturing industries has the application of process costing ?
- a) Chemicals
 - b) Cement
 - c) Steel
 - d) All of these.



GROUP – B

(Short Answer Type Questions)

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

2. State the essential characteristic of a good cost accounting system.
3. Discuss the advantages and disadvantages of FIFO method.
4. Write a short note on Labour turnover ?
5. A worker takes 6 hours to complete a job under a scheme of payment by results :

Standard time allowed for the job is 9 hours, His wage rate is Rs. 1.50 per hour. Material cost of the job is Rs. 16 and overhead is recovered at 200% of the total direct wages. Calculate the factory cost by

- a) Rowan plan.
 - b) Halsey plan.
6. From the following particulars prepare a cost sheet for the year ended 31/03/2011 :

	01. 04. 2010	31. 03. 2011
Raw materials	Rs. 16,000	Rs. 19,600
W-I-P	Rs. 12,600	Rs. 4,600
Finished Goods (at cost)	Rs. 16,400	
	(3000 units)	(2500 units)

Purchase of raw materials Rs. 1,11,600, Sale of finished goods Rs. 2,83, 500 (40500 units), Productive wages Rs. 67,200, Office and administrative expenses Rs. 20,800, Selling and distribution expenses 50 paise per unit sold.

Machine hours worked 8000 hrs and machine hour rate Rs. 2.50 per hour.

Assume that sales are made on the basis of FIFO principle.



GROUP – C

(Long Answer Type Questions)

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

7. The following are the particulars in respect of Contract No. B 83 for the year ended 31. 12. 2010. Prepare Contract Accounts.

Materials sent to site Rs. 1,50,000, Wages paid Rs. 1,80,000, Wages unpaid Rs. 3,000, Other expenses Rs. 26,000, Plant sent to site Rs. 2,00,000, Materials return to store Rs. 5,000, Materials lying unconsumed Rs. 8,000, Material stolen from site Rs. 10,000, Insurance claim admitted for material stolen Rs. 7,000, Work uncertified Rs. 11,000 and Cash received Rs. 3,60,000.

Plant is subject to depreciation @ 7.5% p.a. and cash received to the extent of 90% of work certified.

8. a) What is ABC analysis ? Explain with examples.
b) The following direct costs were incurred on Job No. 415 of standard T.V. Company.

Materials Rs. 6,010

Wages :

Dept :

A — 60 hours @ Rs. 30 per hour

B — 40 hours @ Rs. 20 per hour

C — 20 hours @ Rs. 50 per hour.

Overheads for these departments were estimated as follows :

Variable overheads :

Dept :

A Rs. 15,000 for 1,500 labour hours

B Rs. 4,000 for 200 labour hours

C Rs. 12,000 for 300 labour hours.

Fixed overheads :

Estimated at Rs. 40,000 for 2,000 normal working hours.

You are required to calculate the cost of Job No. 415 and calculate the price to give profit of 25% on selling price. 5 + 10

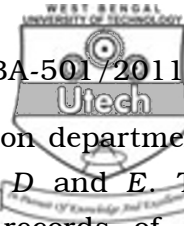


9. a) What do you mean by EOQ and safety stock ?
- b) A company uses three types of materials A, B and C for production of P, the final product. The relevant data for the components are given below :

	A	B	C
Normal usage (units)	200	150	180
Minimum usage (units)	100	100	90
Maximum usage (units)	300	250	270
Reorder quantity (units)	750	900	720
Reorder period (months)	2-3	3-4	2-3

Calculate for each material :

- i) Maximum level
- ii) Reorder level
- iii) Minimum level
- iv) Average stock. 5 + 10



10. The New Enterprises Ltd. has three production departments *A*, *B* and *C* and two service departments *D* and *E*. The following figures are extracted from the records of the company :

Rent and rates	Rs. 5,000
General lighting	Rs. 600
Indirect wages	Rs. 1,500
Power	Rs. 1,500
Depreciation on machinery	Rs. 10,000
Sundries	Rs. 10,000

The following further details are available :

	Total	A	B	C	D	E
Floor space (sq. ft.)	10,000	2,000	2,500	3,000	2,000	500
Light points	60	10	15	20	10	5
Direct wages (Rs.)	10,000	3,000	2,000	3,000	1,500	500
H.P. of machines	150	60	50	50	10	—
Value of machinery (Rs.)	2,50,000	60,000	80,000	1,00,000	5,000	5,000
Working Hours		6,226	4,028	4,066	—	—

The expenses of *D* and *E* are allocated as follows :

	A	B	C	D	E
<i>D</i>	20%	30%	40%	—	10%
<i>E</i>	40%	20%	30%	10%	—

Calculate the absorption rates for departments *A*, *B* and *C*.

What is the total cost of an article if its material cost is Rs. 50, labour cost Rs. 30 and it passes through departments *A*, *B* and *C* for 4, 5 and 3 hours respectively ?

CS/BBA (H)/SEM-5/BBA-501/2011-12



11. a) What steps are taken to install a sound cost accounting system in a multilocational manufacturing company ?
- b) State logically the importance of using process costing in petro-processing industry (the refineries and ancillary industries). 10 + 5
12. Write short notes on any *three* of the following : 3 × 5
- a) Carrying costs
- b) Joint products and by products
- c) Under and over absorption of overheads
- d) Machine hour rate
- e) Lead time.
-