





CS/BBA (H) (SUPPLE)/SEM-5/BBA-501/09
FINANCIAL MANAGEMENT-II
SEMESTER - 5



Time : 3 Hours]

[Full Marks : 70

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 can be used as a raw material in other process ?
- | | | |
|----------|-------------------|--------------------------|
| a) Scrap | b) Spoilage | |
| c) Waste | d) None of these. | <input type="checkbox"/> |
- ii) Abnormal idle time arises out of which of the following causes ?
- | | | |
|-----------------------------|---------------------------------------|--------------------------|
| a) Waiting for instructions | b) Time taken for picking up the work | |
| c) Power failure | d) Both (a) and (c). | <input type="checkbox"/> |
- iii) Indirect cost is referred as
- | | | |
|--------------|----------------|--------------------------|
| a) materials | b) labour | |
| c) overhead | d) prime cost. | <input type="checkbox"/> |
- iv) Which of the following inventory valuations methods show higher profits during the period of rising price ?
- | | | |
|---------------------------|------------------------------|--------------------------|
| a) FIFO | b) LIFO | |
| c) Simple average methods | d) Weighted average methods. | <input type="checkbox"/> |
- v) Cost of service industry is computed by
- | | | |
|---------------------|----------------------|--------------------------|
| a) Process costing | b) Operating costing | |
| c) Standard costing | d) none of these. | <input type="checkbox"/> |
- vi) Industries like bakeries, flour mills employ
- | | | |
|----------------------|--------------------|--------------------------|
| a) Operating costing | b) Process costing | |
| c) Job costing | d) Step costing. | <input type="checkbox"/> |



vii) The principal factor to be considered in designing a cost system include

- a) Manufacturing process
- b) Nature of business
- c) Company Organization structure
- d) all of these.



viii) The most suitable cost system where the products differ in type of materials and work performed is

- a) Job costing
- b) Process costing
- c) Operating costing
- d) None of these.

ix) In case of loss in an incomplected contract, the total amount of loss is transfered to the

- a) Profit and Loss A/c
- b) Reserve A/c
- c) National A/c
- d) None of these.

x) The term "variable costs" refers to

- a) all costs which are likely to respond to the amount of attention devoted to them by a specified manager
- b) all costs which are associated with marketing, shipping, warehousing and billing activities
- c) all manufacturing costs incurred to produce units of output
- d) all costs which fluctuate in total in response to small change in the rate of utilization of capacity.

xi) The cost of idle time incurred by employees that is considered normal for the production process should be charged to

- a) Work-in-process inventory
- b) Direct labour
- c) Administrative expense
- d) Factory overhead.

xii) The process of attributing proportions of items of costs amongst cost centres is called

- a) overhead absorption
- b) absorption of indirect costs
- c) cost apportionment
- d) cost allocation.

**GROUP – B****(Short Answer Type Questions)**Answer any *three* of the following.

3 × 5 = 15

2. How is idle time controlled in a manufacturing organization?
3. Briefly state the importance of cost audit.
4. Distinguish between a Bin Card and a Stores Ledger.
5. What are the advantages of the job costing system derived by the large brands ?
6. State briefly with an example, the meaning of the expression “recovery of overhead”.

GROUP – C**(Long Answer Type Questions)**Answer any *three* of the following.

3 × 15 = 45

7. Mr. G owns a fleet of taxis and the following information is available from the records maintained by him :

No. of taxis	:	10
Cost of each taxi	:	Rs. 5,46,000
Salary of manager	:	Rs. 7,000 p.m.
Salary of accountant	:	Rs. 5,000 p.m.
Salary of cleaner	:	Rs. 2,000 p.m.
Salary of mechanics	:	Rs. 4,000 p.m.
Garage rent	:	Rs. 6,000 p.m.
Insurance premium	:	5% p.a.
Annual tax	:	Rs. 9,000 per taxi
Driver's salary	:	Rs. 3,500 p.m. per taxi
Annual repairs	:	Rs. 10,000 per taxi

Total life of a taxi is about 2,00,000 km. A taxi runs in all 3000 km in a month and 30% of this distance has to be run without any passenger. Diesel consumption is one litre for every 10 km @ Rs. 44.10 per litre. Oil and sundries are Rs. 105.00 per 100 kms.

Calculate the cost of running a taxi per km.



8. a) Define cost classification.
 b) Following information has been obtained from the records of a manufacturing company :

	1. 1. 2008	31. 12. 2008		
	Rs.	Rs.		Rs.
Stock of Raw Materials	40,000	50,000		
Stock of Finished Goods	1,00,000	1,50,000		
Stock of Work-in-Progress	10,000	14,000		
	Rs.			Rs.
Indirect Labour	50,000	Administrative Expenses	1,00,000	
Lubricants	10,000	Power	30,000	
Insurance of Plant	3,000	Direct Labour	3,00,000	
Purchase of raw materials	4,00,000	Depreciation on machinery	50,000	
Salesmen Commission	60,000	Factory Rent	60,000	
Salaries of Salesmen	1,00,000	Tax on Factory Building	11,000	
Carriage Outward	20,000	Sales	12,00,000	

Prepare a Statement of Cost and Profit showing :

- i) Prime cost ; (ii) Factory cost ; (iii) Cost of Production ; (iv) Cost of Goods sold ; (v) Cost of sales and (vi) Profit. 3 + 12

9. In a manufacturing concern bonus to workers is paid on a slab rate based on savings of cost towards labour and overheads. The following are the slab rates :

- | | | |
|-------------------------------------|---|---------------------|
| i) Upto 10% savings | : | 5% of the earning |
| ii) Above 10% and upto 15% savings | : | 9% of the earning |
| iii) Above 15% and upto 20% savings | ; | 13% of the earning |
| iv) Above 20% and upto 30% savings | : | 21% of the earning |
| v) Above 30% and upto 40% savings | : | 28% of the earning |
| vi) Above 40% savings | : | 32% of the earning. |

The wage rates per hour of 4 workers — A, B, C and D are Re. 1.00, Rs. 1.10, Rs. 1.20 and Rs. 1.40 respectively. Overhead is recovered on direct wages at the rate of 200%. Standard cost under wages and overhead per unit of production is fixed at Rs. 30. The workers have completed one unit each in 8, 7, $5\frac{1}{2}$ and 5 hours respectively. Calculate in respect of each worker

- | | |
|-----------------------------|---|
| a) Amount of bonus earned. | 5 |
| b) Total earnings. | 5 |
| c) Total earnings per hour. | 5 |



10. Panda Ltd. furnishes the following information :

- i) Consumption 300 units per quarter
- ii) Cost per unit Rs. 40
- iii) Cost of processing an order Rs. 600
- iv) Obsolescence 15%
- v) Insurance on inventory 25%.

Compute :

- a) EOQ
- b) No. of order per year and
- c) Time between two consecutive orders.

A supplier offers a discount of 2% on a purchase of 600 units. Should it be accepted ?

10 + 5

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

3 × 5

- a) Cost-Plus Contract
- b) Uniform Costing
- c) Escalation clause
- d) Profit on Incomplete contracts
- e) Halsey-Wein plan
- f) EBQ
- g) Marginal costing.

END