

MBA 3rd Semester Examination, 2019

**ADVANCE FINANCIAL AND MANAGEMENT
ACCOUNTING**

PAPER —MBA-301/305

Full Marks : 80

Time : 3 hours

The figures in the right-hand margin indicate marks

*Candidates are required to give their answers in their
own words as far as practicable*

Illustrate the answers wherever necessary

GROUP — A

Answer any **eight** questions : 2 × 8

1. Define Marginal Cost.
2. What is Opportunity Cost ?
3. Define Margin of Safety.

(Turn Over)

4. What do you mean by BEP ?
5. What are Cumulative Preference Shares ?
6. What is a Subsidiary Company ?
7. What is Standard Cost ?
8. What do you mean by Amalgamation ?
9. What is Quick Ratio ?
10. Who is liquidator ?
11. What is Price Earnings Ratio ?
12. What is Authorised Capital ?

GROUP – B

Answer any **eight** questions : 4 × 8

13. Differentiate between Share and Stock.
14. Only mention the types or preference shares.
15. A's Balance Sheet for the year ending at 31st March, 2010 is an under

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	15,000	Fixed Assets	70,000
Loan	25,000	Investments	20,000
Reserve	40,000	Debtors	15,000
P's Capital	40,000	Cash	15,000
	1,20,000		1,20,000

B Ltd. which is an existing co. has purchased A's business. Its purchase price is Rs. 90,000. Its payment is made in shares of Rs. 30,000 @ 6%. Debentures of Rs. 50,000 and cash of Rs. 10,000.

Pass the necessary Journal entries in the books of B Ltd.

16. Distinguish between Call in Arrears and Calls in Advance.
17. What is the significance of Standard Costing ?
18. What are the limitations of Ratio Analysis ?

19. Aditi, Antara and Ananya are the three partners in a partnership firm sharing profits and losses in the ratio of 4 : 3 : 2. On 31st December 2018, Aditi retires from the business. On her retirement, compute the value of the Goodwill of the firm on the basis of three years' purchase of average profit of the last five years.

Also compute the share of Goodwill to be paid to Aditi.

The profits for the last five years after charging income tax are Rs. 4,12,000, Rs. 4,76,000, Rs. 3,85,000, Rs. 5,64,000 and Rs. 4,88,000 respectively.

20. Write down the necessity or valuation of shares.
21. Discuss in brief Minority Interest with example.
22. What are the various types of Labour Variances ?
23. Write a short note on Profit Centre in Responsibility Accounting.

24. From the following calculate

(i) Sales Price Variance.

(ii) Sales Volume Variance.

<u>Budgeted Sales</u>			<u>Actual Sales</u>		
Qty Book	Price per Book (Rs.)	Amount Rs.	Qty Book	Price per Book (Rs.)	Amount Rs.
10,000	3.00	30,000	50,000	3.00	15,000
			8,000	2.50	20,000

GROUP – C

Answer any **four** questions :

8 × 4

25. From the following information

Find out :

(a) Sales

(b) Sundry Debtors

(c) Creditors.

Gross Profit Ratio — 25%

Debtors' Turnover ratio — 4 months

Stock Turnover Ratio — 4 times

Creditors' Turnover Ratio — 6 months

Additional :

- (i) Closing stock is Rs. 10,000 more than the opening stock
- (ii) B/R is Rs. 65,000
- (iii) B/P is Rs. 80,000
- (iv) Cost of goods sold Rs. 9,00,000

26. Given that :

	<u>Rs.</u>
Fixed Cost	40,000
Variable Cost	50,000
Sales	1,00,000
Purchases	40,000
Net Profit	NIL
Total Cost	90,000

Calculate :

- (a) P/V ratio
- (b) Contribution
- (c) BEP
- (d) MOS.

27. What do you mean by paid up capital ? Mention the applications of Securities Premium Account. Is distribution of share premium amount permitted ?

28. Following is the Financial Statements of New Corporation Ltd. :

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	4800000	Fixed Assets	2420000
10% Debentures	920000	Cash	880000
Sundry Creditors	660000	Sundry Debtors	1100000
Bills Payable	880000	Stock	3300000
Current Liabilities	440000		
	7700000		7700000

Particulars	Amount (Rs.)	Amount (Rs.)
Sales		11000000
Factory Overhead		(8118000)
Gross Profit		2882000
Selling and Distribution Overhead	1100000	
Administrative Cost	1228000	(2328000)
EBIT		554000
Less : Interest Cost		(92000)
EBT		462000
Less : Taxes (50%)		231000
PAT		231000

Compute the following ratios : Current Ratio, Debtors Turnover, Stock Turnover, Asset Turnover, Net Profit Ratio, Debt to Total Assets.

29. Evaluate the characteristics of Responsibility Accounting as Divisional Performance Measure? What are the advantages of Responsibility Accounting?
30. A and B starts business on 18th January, 2011, with capitals of Rs. 30,000 and Rs. 20,000. According to the partnership deed, B is entitled to a salary of Rs. 500 per month and interest is to be allowed on Capitals at 6% per annum. The remaining profits are to be distributed amongst the partners in the ratio of 5 : 3. During 2011, the firm earned a profit before changing salary to B and interest on capital amounting to Rs. 25,000. During the year A withdrew Rs 8,000 and B withdrew Rs. 10,000 for domestic purposes. Give Journal entries relating to division of profit, the profit and loss appropriation account and the Capital Accounts of partners.

[*Internal Assessment* : 20 Marks]
