

**MBA 3rd Semester Examination, 2022**

**ADVANCED FINANCIAL AND  
MANAGEMENT ACCOUNTING**

**PAPER – MBA-F-301/305**

*Full Marks : 100*

*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*

**A. Answer any *eight* questions : 5 × 8**

- 1. Write the needs of valuation of Goodwill.**
- 2. Distinguish between Asset Backing and Yield method in valuation of shares.**
- 3. Explain the term sacrificing ratio in a partnership firm.**

4. Distinguish between External and Internal reconstruction.
5. K. L and M with respective Capitals of Rs. 50,000, Rs. 30,000 and Rs. 20,000 ; sharing profit in the ratio of 5 : 3 : 2. They agreed to admit N for 1/5th share in the lines that he brings Rs. 20,000 as capital and Rs. 10,000 as premium for Goodwill. You are required to pass the journal entries to carry out the above arrangements.
6. Explain is Purchase Consideration.
7. Explain Pre-acquisition or Capital Profit of a holding company.
8. What do you mean by Responsibility Accounting ? State the differences between Profit Centre and Investment Centre. 2 + 3
9. The following information relates to operations of Division A :

Particulars	₹
Sales (40,000 units @ ₹ 10)	4,00,000
Less : Variable cost @ ₹ 7.50	3,00,000
Contribution margin	1,00,000
Less : Fixed costs	75,000
Profit	25,000

**Additional information :**

- (i) Divisional investment is ₹ 2,00,000 ;
- (ii) Cost of capital is 15%.

**Required :**

- (i) Divisional ROI
  - (ii) Divisional RI and
  - (iii) Comment on the result of (i) and (ii).
- 2 + 2 + 1

10. What do you mean by Current Standard and Basic Standard ? Distinguish between Estimated Costs and Standard Costs. 2 + 3

11. Following information is given regarding standard composition and standard rates of a gang of workers :

5

Standard Composition	Standard hourly rate
10 Men	Re. 0.625
5 Women	0.400
5 Boys	0.350

According to given specifications, a week consists of 40 hours and standard output for a week is 1,000 units. In a particular week, gang consisted of 13 men, 4 women and 3 boys and actual wages paid as follows :

Men @ Re.0.6 per hour

Women @ Re. 0.425

Boys @ Re. 0.325 per hour

Two hours were lost in the week due to abnormal idle time. Actual production was 960 units in week.

Find out

- (i) Labour rate variance
- (ii) Labour mix variance
- (iii) Labour idle time variance
- (iv) Labour Yield variance and
- (v) Labour cost variance.

12. What do you mean by Calendar Variance and Capacity Variance ? When do they arise ? 2 + 3

B. Answer any *four* questions of the following : 10 × 4

13. The Balance Sheet of Goodluck Ltd. as on 31.03.2022 was as follows :

Liabilities	Amount (Rs.)
Share Capital :	
Authorised and Issued :	
4,000 Equity shares of Rs. 100 each, fully paid	4,00,000
4,000 Equity shares of Rs. 100 each, Rs 50 paid up	2,00,000

Profit and Loss A/c	40,000
Bank Overdraft	10,000
Sundry Creditors	80,000
Provision for taxation	1,00,000
Proposed Dividend	60,000
	<b>8,90,000</b>
<b>Assets</b>	<b>Amount (Rs.)</b>
Land and Building	2,70,000
Plant and Machinery	1,00,000
Stock	3,60,000
Debtors	1,60,000
	<b>8,90,000</b>

The net profit of the company after deducting usual working expenses but before providing for taxation, were as under :

2019-20 : Rs. 1,50,000 ; 2020-2021 : Rs. 2,00,000 ; 2021-22 : Rs. 2,40,000.

On 31.3.2021, Land and Building were valued at Rs. 2,30,000 and Plant and Machinery at Rs. 1,40,000, Sundry Debtors

on the same date included Rs. 10,000 as irrecoverable, obsolete stock amounting Rs. 10,000.

For valuation of Goodwill, a 10% return on closing capital employed is considered reasonable.

Past 3 years Dividend percentage is 10%, 12% and 10% respectively and similar companies are paying 10% dividend on an average.

You are required to value the Company's share. Assume value of goodwill is 3 years purchase of super profit. Tax rate is 50%.

14. When H Ltd. purchased 20,000 shares in S Ltd. on 01.04.2021, S Ltd. had Rs. 20,000 in General Reserve and Rs. 27,500 in Profit and Loss A/C. From their Balance sheets in 31.03.2022 as below, calculate (i) pre-acquisition Profit share (ii) Post-acquisition

profit share ; (iii) Minority Interest (iv) Cost of Control (v) Consolidated Profit and Loss Account Balance.

Liabilities	HLtd. (Rs.)	SLtd. (Rs.)
Equity Capital (Rs. 10 each)	7,50,000	3,00,000
General Reserve	90,000	27,500
Profit and Loss A/c	60,000	77,500
Sundry Creditors	1,05,000	31,500
	10,05,000	4,36,500
Assets	HLtd. (Rs.)	SLtd. (Rs.)
Fixed Assets	6,75,000	2,50,000
Current Assets	1,20,000	1,86,500
Investment in P Ltd.	2,10,000	—
	10,05,000	4,36,500

Fixed Assets standing in the books of S Ltd. at Rs. 2,50,000 was considered worth Rs. 2,80,000 on the date of purchase of control



for the purpose of determining the value of shares. 10% depreciation has been written off since acquisition. Stock of H. Ltd. includes Rs. 20,000 on which S Ltd. made Rs. 2,000 profit.

**15. Write the motives behind Merger and Take Over in corporate sector.**

**16. (a) State the objectives of Ratio Analysis.**

**(b) The following are the current assets and current liabilities of X Co. Ltd. as on 31.03.2022.**

**Current Assets**

Inventories ₹ 5,00,000 ; Debtors ₹ 2,00,000 ; Investments (short-term) ₹ 60,000

**Current Liabilities :**

Creditors ₹ 1,19,200 ; Bank Overdraft ₹ 4,39,200 ; Provision for taxation ₹ 88,000 ; Proposed dividend ₹ 53,600.

(i) You are required to calculate Current Ratio and Liquid Ratio.

(ii) Why liquidity is desirable ? Write a brief comment on the liquidity of X Co. Ltd.

(iii) To what extent it is true to say that a company should keep an especially close watch on the current and liquid ratios ?

4 + 6

17. Havels Ltd. gives you the following information for the year ended 31st March, 2022 :

(i) Sales for the year ₹ 48,00,000. The company sold goods for cash only.

(ii) Cost of goods sold was 75% of sales.

(iii) Closing inventory was higher than opening inventory by ₹ 50,000.

(iv) Trade creditors on 31.03.2022 exceeds the outstanding on 31.03.2021 by ₹ 1,00,000.

- (v) Tax paid during the year amounts to ₹ 1,50,000.
- (vi) Amounts paid to trade creditors during the year ₹ 35,50,000.
- (vii) Administrative and selling expenses paid ₹ 3,60,000.
- (viii) One new machinery was acquired in December, 2021 for ₹ 6,00,000.
- (ix) Dividend paid during the year ₹ 1,20,000.
- (x) Cash in hand and at Bank on 31.03.2022 ₹ 70,000
- (xi) Cash in hand and at Bank on 01.04.2021 ₹ 50,000.

Prepare Cash Flow Statement for the period ended 31.03.2022 as per prescribed Accounting Standard.

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18. Write notes on :

5 + 5

(i) Fund Flow Statement

(ii) Standard Costing.

[ *Internal Assessment* – 20 Marks ]

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