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(Printed Pages 16)

(21214)

Roll No. ....

M.B.A.-III Sem.

**2048****M.B.A. Examination, Dec. 2014****Retail Accounting and Finance**

(MBARM-02)

Time : Three Hours /

{ Maximum Marks : 100

**Part-I**

**Note:** 20 objective type questions, each of **one** mark. All are **compulsory**.  $20 \times 1 = 20$

1. (1) Cost accounting is concerned with :
  - (a) Cost ascertaining only
  - (b) Cost reduction only
  - (c) Cost control only
  - (d) None of these

P.T.O.

(2) An example of fixed cost is :

- (a) Material
- (b) Direct Labour
- (c) Interest on Capital
- (d) None of these

(3) Financial Accounting helps in :

- (a) Establishing the efficiency of operations
- (b) Providing data for fixing prices of the product
- (c) (a) and (b) both
- (d) Ascertaining the financial position of the Concerned firm

(4) In case of a Limited Company, the term financial statements include :

- (a) Profit and loss A/C
- (b) P & L Appropriation A/C
- (c) Balance Sheet
- (d) All of the above

(5) When financial statements for a number of years are reviewed and analysed, the analysis is called :

- (a) Internal Analysis
- (b) Vertical Analysis
- (c) Horizontal Analysis
- (d) None of these

(6) Accounting Standard-6 is related with which of the following :

- (a) Valuation of Inventories
- (b) Matching of Revenues & Expenses
- (c) Fixed Assets
- (d) Depreciation Accounting

(7) Accounting Standard-10 is related with which of the following :

- (a) Depreciation Accounting
- (b) Valuation of Inventories
- (c) Accounting for Research and Development
- (d) Accounting for Fixed Assets

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(8) The term 'Fund' as used in Fund Flow analysis means :

- (a) Cash in Hand
- (b) Cash at Bank
- (c) Total Assets
- (d) Current Assets - Current Liabilities

(9) Which of the following is non-current Assets :

- (a) Cash
- (b) Stock
- (c) Prepaid Rent
- (d) Goodwill

(10) Liquid Assets does not include :

- (a) Cash in Hand
- (b) Debtors
- (c) Stock
- (d) Cash at Bank

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(11) Ideal Current Ratio is :

- (a) 1 : 1
- (b) 1 : 2
- (c) 2 : 1
- (d) None of these

(12) Ratios, which are generally calculated in times are :

- (a) Activity Ratios
- (b) Profitability Ratios
- (c) (a) and (b) both
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(13) Gross Profit Ratio is the Ratio of :

- (a) Gross Profit to Cost of Sales
- (b) Gross Profit to Net Sales
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P.T.O.

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(14) A low current ratio may signify :

- (a) Optimum Working capital
- (b) Shortage of Working Capital
- (c) Working Capital Adequacy
- (d) None of these

(15) Period Cost means :

- (a) Variable Cost
- (b) Fixed Cost
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(16) A Budget that gives a summary of all functional Budgets and Projected Profit & Loss A/C is known as :

- (a) Sales Budget
- (b) Capital Budget
- (c) Flexible Budget
- (d) Master Budget

(17) Cash Budget is based on :

- (a) Past performance
- (b) Future estimates
- (c) Payments
- (d) None of these

(18) If Actual Price is more than the Standard Price then Material Price variance is said to be :

- (a) Favourable
- (b) Adverse
- (c) Profit
- (d) None of these

(19) Standard Costing involves the :

- (a) Fixation of Estimated Cost
- (b) Determination of Standard Cost
- (c) Setting of Budgeted Cost
- (d) None of these

Sales of finished Goods 1,600 Tons @ Rs.  
400 per Ton

Selling and Distribution Expenses Rs. 5.875  
per Ton Sold

Production 2,000 tons.

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(20) Contribution is the difference between sales and \_\_\_\_\_.

- (a) Fixed Cost
- (b) Variable Cost
- (c) Prime Cost
- (d) None of these

**Part-II**  $15 \times 2 = 30$

2. What do you mean by Trading, Profit and Loss and Balance Sheet? Why these should be prepared?

**OR**

From the following, prepare M/s Shree Ram Mohan's Trading A/C, P. & L. A/C and Balance Sheet :

	Rs.	Rs.
Debtors	5,000 Capital	9,000
Machinery	2,000 Provision	2,500
Closing Stock	6,000 Creditors	2,400
Building	4,100 Outstanding Salaries	300

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Wages	800	Sales	30,000
Sundry Expenses	1,000		
Salaries	300		
Cash	6,000		
Cost of Goods Sold	19,000		
		<u>44,200</u>	<u>44,200</u>

Adjustments : Depreciation on Building at 10%; Provision for Bad Debts at 10% on Debtors; Debtors include Rs. 2,000 receivable from Shree Ram Mohan and Creditors include Rs. 1,000 payable to Shree Ram Mohan.

3. How are debentures paid? Describe the Sink-ing Fund Method of Debenture Redemption.

**OR**

Bhushan Steels Ltd. issued 25,000 Equity shares of Rs. 10 each at a discount of 10%, payable. Rs. 2 per share on Application, Rs. 2.50 per share on Allotment, Rs. 2.50 per share on first call and the balance on final call. Application for all shares were received and shares were allotted. The calls were duly made one shareholder hold-

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ing 1,000 shares did not pay the two call moneys and another shareholder holding 200 shares did not pay the final call money. Give journal entries in the books of the company and also prepare the Balance Sheet of Bhushan Steels Ltd.

**Part-III**       $12\frac{1}{2} \times 4 = 50$

4. What are Accounting Ratios? Describe the principal ratios which you consider significant to test the profitability of a firm.

**OR**

Following is The Balance Sheet of LG Ltd.

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
Equity Capital	50,000	Buildings	70,000
Reserve & Surplus	30,000	Investment	30,000
6% Debentures	60,000	Stock	20,000
Creditors	20,000	Debtors	30,000
B/P	10,000	Cash	10,000
		Bank	10,000
	<u>1,70,000</u>		<u>1,70,000</u>

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Calculate Current Ratio, Quick Ratio and Absolute Ratio from the above.

5. What is Fund Flow statement? What is the utility of such statement for management and explain in detail the technique of preparing it.

**OR**

Following are the Comparative Balance Sheet of Rastogi & Sons :

	31 <sup>st</sup> December	
	2012	2011
Cash	3,900	4,500
Account Receivable	8,850	7,450
Inventory	21,350	24,600
Land	15,000	10,000
Goodwill	2,500	5,000
	<u>51,600</u>	<u>51,550</u>

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Accounts Payable	5,920	5,180
Provision for Doubtful Debts	400	350
Bonds Payable	3,000	6,000
Capital	37,000	35,000
Retained Earnings	5,280	5,020
	<u>51,600</u>	<u>51,550</u>

Some of the informations regarding the non-current accounts are given below :

Net income for the year amounted to Rs. 4,510. Dividends were paid Amounting Rs. 1,750. Goodwill was written-off against retained profit to the extent of Rs.2,500 Land was purchased for Rs. 5,000. Bonds amounting to Rs.3,000 were paid-off. You are required to prepare :

- (a) Schedule of working capital changes
- (b) Statement of Sources and uses of funds.

6. What do you understand by Cash-Flow statement? Explain its importance to the management.

**OR**

The following are the Balance Sheet of M/S Sohan and Sons Limited :

	2012	2013
	Rs.	Rs.

**Liabilities :**

Share Capital	60,000	60,000
General Reserve	2,650	1,200
Creditors	850	400
	<u>63,500</u>	<u>61,600</u>

**Assets :**

Building Less Depreciation	50,000	48,000
Plant Less Depreciation	9,000	8,500
Stock	500	100
Debtors	1,500	1,000
Cash	2,500	4,000
	<u>63,500</u>	<u>61,600</u>

Sales in 2013 were Rs. 2,18,500. No dividend has been paid by the company. The changes in Building and Plant values are on account of depreciation charges for 2013. There were operating Losses of Rs. 1,450 for 2013. Prepare a statement showing cash-flows.

7. What do you understand by 'Marginal Costing'? State its usefulness as a tool for Corporate decisions. Bring out some limitations of Marginal Costing.

**OR**

The following informations are extracted from the production books of a company for the year ended 2013. You are required to ascertain the following :

- (a) Prime cost
- (b) Total cost of Production
- (c) Total cost of cords sold and
- (d) Total Net Profit.

	<b>Rs.</b>
<b>Opening Stock :</b>	
Raw Materials	75,600
Work-in-progress	35,560
Finished goods 1,200 tons @ Rs. 300 per ton	360,000
Raw material Purchased	2,73,900
Productive Wages	1,28,600
Carriage and Octroi Inwards	3,850
Rent, Rates & Insurance etc.	1,40,312
Factory Supervisor's salary	6,740
Factory Light & Power	43,918
Other Factory Expenses	27,650
<b>Closing Stock :</b>	
Raw Materials	62,750
Work-in-progress	40,380
Finished Goods 1,600 Tons @ Rs. 316.50 per Ton	506,400

(P)  
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- (2) An example of fixed cost is :
- Material
  - Direct Labour
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- (3) Financial Accounting helps in :
- Establishing the efficiency of operations
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- (4) In case of a Limited Company, the term financial statements include :
- Profit and loss A/C
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  - All of the above
- (5) When financial statements for a number of years are reviewed and analysed, the analysis is called :
- Internal Analysis
  - Vertical Analysis
  - Horizontal Analysis
  - None of these
- (6) Accounting Standard-6 is related with which of the following :
- Valuation of Inventories
  - Matching of Revenues & Expenses
  - Fixed Assets
  - Depreciation Accounting
- (7) Accounting Standard-10 is related with which of the following :
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**Part-III**       $12\frac{1}{2} \times 4 = 50$

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(92)

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(93)

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