



Name : .....  
Roll No. : .....  
Invigilator's Signature : .....

**CS/BBA (H)/SEPARATE SUPPLE/SEM-6/BBA-601/2011**

**2011**

**FINANCIAL MANAGEMENT - III**

Time Allotted : 3 Hours

Full Marks : 70

*The figures in the margin indicate full marks.*

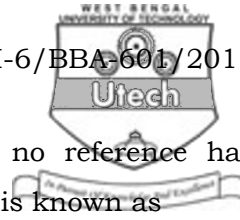
*Candidates are required to give their answers in their own words as far as practicable.*

**GROUP - A**

**( Multiple Choice Type Questions )**

1. Choose the correct alternatives for any *ten* questions from the following : 10 × 1 = 10
  - i) Goodwill account is a
    - a) Real Account
    - b) Nominal Account
    - c) Personal Account
    - d) Suspense Account.
  - ii) Financial Accounting works within the framework of
    - a) Accounting Concepts
    - b) Accounting Conventions
    - c) Generally accepted Accounting Principles
    - d) None of these.
  - iii) The maintenance of which Accounting System is obligatory in concerns ?
    - a) Management Accounting
    - b) Financial Accounting
    - c) Both (a) and (b)
    - d) None of these.





- ix) The technique of Budgeting where no reference has been found for formulation of Budget is known as
- a) Master Budget                      b) Zero-based Budgeting
- c) Production Budget                d) None of these.
- x) The difference between planned cost and actual cost is termed as
- a) Standard Costing                b) Variance
- c) Both (a) and (b)                d) None of these.
- xi) The no profit no loss point in Cost-Volume-Profit Analysis is termed as
- a) Break-even Point                b) CVP point
- c) Margin of Safety                d) none of these.
- xii) The formula of Margin of Safety is :
- a) Sales - Contribution
- b) Actual sales - Sales at Break-even Point
- c) Profit / Contribution
- d) Both (b) and (c).



**GROUP – B**

**( Short Answer Type Questions )**

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

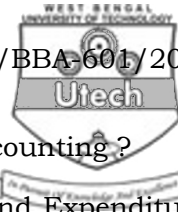
2. Explain briefly the scope of Management Accounting.
3. Explain the limitations of Financial Statement Analysis.
4. Find the value of current Assets and Current Liabilities if Current Ratio=4.5, Working Capital=700000.
5. Explain the shutdown decision.
6. How pricing decisions can be taken under Marginal Costing ?

**GROUP – C**

**( Long Answer Type Questions )**

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

7. a) What are the techniques of Management Accounting ?  
b) From the following particulars prepare a Balance Sheet as at 31st March 2009 :
  - i. Current Ratio 2:5
  - ii. Liquid Ratio 1:5
  - iii. Net Working Capital Rs. 300000
  - iv. Cost of sales/Closing stock 8 times
  - v. G.P ratio 25%
  - vi. Average Debt Collection Period 1.5 months
  - vii. Reserves & Surplus/Share Capital 0.50
  - viii. Fixed Assets/Shareholders Net wealth 0.75 6 + 9



8. a) What do you mean by Responsibility Accounting ?
- b) From the following forecast of Income and Expenditure, prepare a cash budget for three months ending 31st March 2009. The bank balance as on 1.1.09 is Rs. 10000.

Months	Sales	Purchase	Wages	Factory Expenses	Office
November	80000	40000	5600	3900	10000
December	76500	42000	5800	4100	12000
January	78000	38500	5800	4200	14000
February	90000	37500	5900	5100	16000
March	95000	43000	5900	6000	13000

A sales commission @ 4% on sales due in the month following the month in which sales dues are collected, is payable in addition to office expenses. Fixed Assets worth Rs. 65000 will be purchased in the month of September, to be paid in the following month. Rs. 20000 in respect of debenture interest will be paid in October. The period of credit allowed to customers is 2 months and 1 month credit is obtained from suppliers of goods. Wages are paid on an average fortnightly on 1st and 16th of the month. Expenses are paid in the month in which they are due. 3 + 12

9. a) What do you mean by Standard Cost ?
- b) What are the advantages of Standard Costing ?



- c) Calculate Material Cost variance, Material Price Variance, Material Usage Variance and Material Yield Variance from the following data :

Standard : 100 kg of material for 70 kg of output

Standard Price : Rs. 2 per Kg

Actual Output : 21000 kg

Material Used : 28000 kg

Cost of Material : 50400 2 + 5 + 8

10. From the following information prepare Final Account for the year ended 31st December 2009 :

	Dr (Rs)	Cr (Rs)
Salaries :	5500	
Wages :		33000
Returns :	10000	8000
Carriage Inwards	12000	
Carriage outwards		1000
Rent		3300
Insurance		7000
Op. stock	15000	
Rates and taxes	2700	
Power and Fuel	8000	
Plant and Machinery		100000
Furniture (Including Rs. 4000 purchased in Jan)	10000	
Purchases		120000
Sales		205000
Investments (Long Term)	80000	



Income from Investments		10000
Commission Receipts		12000
Discount to customers and		
from creditors	4000	6000
Bad Debts written off		2000
Cash in Bank		2500
Cash in hand	500	
Capital		220000
Debtors and creditors personal		
accounts	52000	39000

Prepare final account after attending the following adjustments :

- i) Closing stock is evaluated at the lower market price of Rs. 42000, ignoring the cost price, which is higher by Rs. 4000
- ii) Insurance includes Rs. 4500, paid for LIC premium.
- iii) Depreciate furniture @ 10% p.a and plant and machinery @ 15% p.a.
- iv) The following are the annual figures for expenditure on : salaries Rs. 8000; Rent Rs. 6000
- v) 50% of the sum of Rs. 5000 long outstanding from the total debtors list to be written off as bad debts.
- vi) Commission accrued and receivable for the year, besides the figure received is Rs. 2200.

CS/BBA (H)/SEPARATE SUPPLE/SEM-6/BBA-601/2011



11. Write short notes on any three :

- i) Break Even Analysis
  - ii) Variance Analysis
  - iii) Zero-based Budgeting
  - iv) Turnover ratio.
  - v) Make or buy decision.
- 

3 × 5