



**NAN-010-001602**

Seat No. \_\_\_\_\_

**B. B. A. (Sem. VI) (CBCS) Examination**

**March / April - 2017**

**602 : Management Accounting - II**

**Faculty Code : 010**

**Subject Code : 001602**

Time :  $2\frac{1}{2}$  Hours]

[Total Marks : 70

- Instructions :** (1) Figures to the right indicate full marks of the questions.  
(2) Working note shall be treated as a part of the answer.

- 1 From the Balance Sheets of Manav Ltd. as on 31-3-2015 14 and 31-3-2016 and other additional informations given to you, prepare :
- (A) Statement showing changes in working capital
  - (B) Other necessary accounts
  - (C) Adjusted P&L A/c.
  - (D) Fund Flow Statement

<b>Capital and Liabilities</b>	<b>2015</b>	<b>2016</b>	<b>Assets</b>	<b>2015</b>	<b>2016</b>
Equity share capital			Goodwill	30,000	28,000
share of Rs. 10 each	1,00,000	1,50,000	Building	60,000	1,00,000
General Reserve	60,000	20,000	Machinery	40,000	95,000
P&L Account	10,000	12,000	Investments	15,000	12,000
10% Debentures	-	50,000	Stock	16,000	25,000
Creditors	25,000	31,000	Debtors	49,000	21,000
Bills payable	20,000	20,000	Bank Balance	12,000	13,000
Provision for tax	15,000	17,000	Preliminary Exp.	8,000	6,000
	<b>2,30,000</b>	<b>3,00,000</b>		<b>2,30,000</b>	<b>3,00,000</b>

**Additional Information :**

- (1) On 1-1-2016 company has given bonus shares from General Reserve. One bonus share is given against two equity shares.
- (2) Taxation paid during the year was Rs. 14,000 and interim dividend of Rs. 8,000 was also paid.
- (3) Depreciation charged on building is Rs. 6,000 and on machinery is Rs. 4,000.
- (4) A machine having book value of Rs. 10,000 was sold with profit. This profit was credited to Capital Reserve Account.
- (5) During the year, debentures were issued at 5% discount.
- (6) Investments of Rs. 5,000 were sold at 20% profit.
- (7) Closing stock 31-3-2015 was shown at price which is 20% less than cost price. Closing stock of 31-3-2016 is shown at cost price. You have to consider original cost price of stock of 31-3-2015.
- (8) Goodwill was written off against capital reserve.

**OR**

- 1 From the following details relating to the accounts of Reliance Ltd. Prepare statement of sources and application of funds. 14

<b>Details : Capital and Liabilities</b>	<b>31-3-2016</b>	<b>31-3-2015</b>
Share capital	4,00,000	3,00,000
Reserves	1,00,000	80,000
P&L Account	50,000	30,000
Debenture	1,00,000	1,50,000
Income Tax Provision	40,000	50,000
Trade Creditors	70,000	90,000
Proposed Dividend	40,000	30,000
<b>Total</b>	<b>8,00,000</b>	<b>7,30,000</b>

<b>Assets :</b>		
Goodwill	90,000	1,00,000
Plant and Machinery	4,29,250	2,98,000
Debenture Discount	5,000	8,000
Prepaid Expenses	5,750	4,000
Investments	60,000	1,00,000
Sundry Debtors	1,10,000	1,60,000
Stock	80,000	50,000
Cash and Bank	20,000	10,000
	<b>8,00,000</b>	<b>7,30,000</b>

**Additional Information :**

- (1) 15% depreciation has been charged in the accounts on Plant and Machinery.
- (2) Old machines costing Rs. 50,000 (W.D.V. Rs. 20,000) have been sold for Rs. 35,000.
- (3) A machine costing Rs. 10,000 (W.D.V. Rs. 3,000) has been discharged.
- (4) Rs. 10,000 profit has been earned by sale of investments.
- (5) Debentures have been redeemed at 5% premium.
- (6) Rs. 45,000 income tax has been paid.

**2** The following are the summarized Balance Sheets of **14**  
Company as on 31-3-2015 and 31-3-2016.

<b>Capital</b>	<b>31-3-2015</b>	<b>31-3-2016</b>	<b>Assets</b>	<b>31-3-2015</b>	<b>31-3-2016</b>
Share capital	40,000	50,000	Land and Building	40,000	38,000
General Reserve	10,000	12,000	Machinery	30,000	33,800
P&L Account	6,100	6,120	Stock	20,000	14,800
Bank Loan	14,000	-	Sundry Debtors	16,000	12,840
Sundry Creditors	30,000	27,040	Cash	100	120
Provision for			Bank	-	1,600
Taxation	6,000	7,000	Goodwill	-	1,000
	<b>1,06,100</b>	<b>1,02,160</b>		<b>1,06,100</b>	<b>1,02,160</b>

**Additional Information for the year ended 31-3-2016 :**

- (1) Dividend of Rs. 4,600 was paid.
- (2) Assets of another company were purchased for a consideration of Rs. 10,000 payable in shares.

The following assets were purchased stock Rs. 4,000 and machinery Rs. 5,000.

- (3) Machinery was further purchased for Rs. 1,600.
- (4) Depreciation written off on machinery Rs. 2,400.
- (5) Income-tax provided during the year Rs. 6,600.
- (6) Loss on sale of machinery Rs. 40 was written off to General Reserve.

You are requested to prepare Cash Flow Statement.

**OR**

**2** Balance Sheets of F.M. Co Ltd. on 31 March 2014 and 14 2015 are as under :

<b>Capital and Liabilities</b>	<b>2015</b>	<b>2014</b>	<b>Assets</b>	<b>2015</b>	<b>2014</b>
Equity Share			Land and Building	4,00,000	1,75,000
Capital	6,00,000	4,00,000	Machinery	3,55,000	2,81,000
Share Premium	32,000	21,000	Patent	48,000	56,000
General Reserve	35,000	75,000	Furniture	28,350	31,500
P&L Account	1,00,500	52,500	Debtors	1,50,000	1,00,000
12% Debentures	2,10,000	1,10,000	Stock	80,000	1,00,000
Creditors	84,000	63,000	Cash	32,650	30,500
Provision for Tax	35,000	55,000	Deb. Discount	2,500	2,500
	<b>10,96,500</b>	<b>7,76,500</b>		<b>10,96,500</b>	<b>7,76,500</b>

**Other Information :**

- (1) Depreciation written off :
  - On Land and Building Rs. 17,500
  - On Machinery Rs. 56,200
  - Patent Rs. 8,000 and on furniture Rs. 3,150
- (2) Machinery Rs. 81,000 was at Rs.70,000 during the year.

- (3) During the year Rs. 31,000 were paid for tax and Rs. 42,000 for dividend.
- (4) Debenture were issued at 3% discount.
- (5) During the year, company has given bonus share in ratio of one bonus share to holder of four equity shares from general reserve. New equity shares were issued at 11% premium.

From above mentioned information, prepare Cash Flow Statement as per Accounting Standard No. 3 you are required to show all calculations as part of the answer.

**3** Balance Sheet of Ram Ltd. as on 31 March 2016 is **14**  
as under :

<b>Capital and Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Equity Capital	6,00,000	Land and Building	4,50,000
10% Pref. Capital	3,00,000	Machinery	3,00,000
Reserve and Surplus	2,43,000	Investment	1,50,000
15% Red. Debentures	3,00,000	Stock	2,00,000
Sundry Creditors	24,000	Debtors	4,00,000
Provident Fund	36,000	B/R	30,000
Provision for Taxation	30,000	Cash and Bank Balance	60,000
B.O.D.	60,000	Preliminary expenses	3,000
	<b>15,93,000</b>		<b>15,93,000</b>

**Additional Information :**

- (1) Book value of land and building is 50% of its market value. Market value is to be considered now onward.
- (2) Value of 50% of stock is reduced by 25%.
- (3) Profit before interest and tax is Rs. 3,60,000
- (4) Investment includes non-trading investment worth Rs. 50,000.

- (5) Under given items are included in P&L Account of the year :
- Loss on sale proceed of machine Rs. 7,000
  - Interest on B.O.D. Rs. 4,000
  - Income on non-trading investment Rs. 5,000
  - Bad debt recovered Rs. 3,000.

**Find out :**

- Rate of return on Total Capital employed
- Net Capital employed and owner's capital.

**OR**

**3** Balance sheet of Jay Ltd. as on 31-3-2016 is as under : **14**

<b>Capital and Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Share Capital (Equity)	2,00,000	Goodwill	20,000
5.5% Pref. Share Capital	1,00,000	Copyright	5,000
General Reserve	20,000	Building	
Sundry Creditors	50,000	(Cost price) 1,50,000	
Income Tax for		Less : Total Dep. <u>25,000</u>	1,25,000
Current year	10,000	Plant and	
		Machinery at cost 2,00,000	
		Less : Total Dep <u>50,000</u>	1,50,000
		Sundry Debtors	35,000
		Cash and Bank Balance	5,000
		Stock	40,000
	<b>3,80,000</b>		<b>3,80,000</b>

**Additional Information :**

- Current year Profit is Rs. 80,000
- Replacement value of Building is Rs. 1,50,000 and Plant and Machinery is Rs. 2,00,000
- Depreciation on Building and Plant & Machinery written off Rs. 30,000 is included in P&L Account.
- Present value of copyright is Rs. 10,000
- Goodwill Rs. 2,000 is written off during current year and shown in P&L Account.
- Present value of stock is Rs. 40,000 from which stock of Rs. 5,000 is to be written off due to obsolescence.

4 Discuss the meaning, definition and signification of Assets Liability Management. 14

**OR**

4 (a) Legal framework of ALM. 7

(b) Pre-conditions of effective ALM. 7

5 "Responsibility accounting is not only a control device, but also helpful in decision making" – Discuss. 14

**OR**

5 Define a responsibility centre. Why are responsibility centres created ? Explain the various kinds of responsibility centres. 14

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