



HAE-010-001602 Seat No. _____

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

June / July - 2017

602 : Management Accounting - 2

(New Course)

Faculty Code : 010

Subject Code : 001602

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

[Total Marks : 70

- Instructions :** (1) Show working as a part of your answer.
(2) Figures to the right side indicate full marks of the questions.

1 Following are the summarized Balance Sheet of "Madhav 14 Company Ltd." for the year 2015 and 2016 :

<i>Liabilities</i>	<i>2015 Rs.</i>	<i>2016 Rs.</i>	<i>Assets</i>	<i>2015 Rs.</i>	<i>2016 Rs.</i>
Share capital			Fixed assets	1,30,000	2,23,000
Equity shares			Investments	15,000	12,000
of Rs. 10 each	1,00,000	1,50,000	Stock	10,000	15,000
General reserve	60,000	20,000	Sundry debtors	55,000	35,000
Profit & Loss A/c.	10,000	12,000	Cash & Bank	12,000	9,000
10% Debentures	—	50,000	Preliminary exp.	8,000	6,000
Sundry creditors	45,000	51,000			
Provision for tax	15,000	17,000			
	2,30,000	3,00,000		2,30,000	3,00,000

Additional Information :

- (1) On 1-1-2016 Bonus shares at one share for every two shares were issued by capitalizing general reserve.
- (2) Income tax Rs. 14,000 and interim dividend Rs. 9,000 were paid during the year.
- (3) Depreciation of Rs. 5,000 was provided of Fixed Asset's.
- (4) Investment costing Rs. 5,000 were sold at profit of Rs. 1,000 and profit was credited to Profit and Loss A/c.

From the above information prepare A statement of Sources and Application of fund and A statement showing change in Working Capital.

OR

- 1 Balance Sheet of "Krishna Ltd." as on 31-3-2015 and 31-3-16 are given below. Prepare Sources and Application of fund statement :

<i>Liabilities</i>	<i>2015 Rs.</i>	<i>2016 Rs.</i>	<i>Assets</i>	<i>2015 Rs.</i>	<i>2016 Rs.</i>
Equity shares of Rs. 10 each	3,00,000	4,00,000	Fixed assets	8,00,000	9,50,000
Capital reserve	—	10,000	Investments	1,00,000	80,000
General reserve	1,70,000	2,00,000	Current assets	2,80,000	3,30,000
Profit & Loss A/c.	60,000	75,000	Preliminary expenses	20,000	10,000
Debentures	2,00,000	1,40,000			
Current liabilities	1,20,000	1,30,000			
Proposed dividend	30,000	36,000			
Provision for tax	90,000	85,000			
Depreciation fund	2,30,000	2,90,000			
Unpaid dividend	—	4,000			
	12,00,000	13,70,000		12,00,000	13,70,000

Additional Information :

During the year 2015-16 the Company :

- (1) Sold one machine for Rs. 25,000 the cost of which was Rs. 50,000 and the depreciation provided on it was Rs. 21,000.
- (2) Provide Rs. 95,000 as depreciation.
- (3) Sale some trade investments at a profit which was credited to capital reserve.
- (4) Redeemed 30% debentures at Rs. 103.
- (5) Decided to value of stock at cost were as previously the practice was to value of stock at cost less 10%. The stock according to books on 31-3-2015 was Rs. 54,000. The stock on 31-3-2016 was correctly valued at cost of Rs. 75,000.
- (6) Write off fixed assets costing Rs. 14,000, which is fully depreciated.

2 The following are the summarized Balance Sheets of "Shivangi Ltd." as on 31st December, 2016 :

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<i>Liabilities</i>	<i>2015 Rs.</i>	<i>2016 Rs.</i>	<i>Assets</i>	<i>2015 Rs.</i>	<i>2016 Rs.</i>
Share capital	2,00,000	2,50,000	Land & Building	2,00,000	1,90,000
General reserve	50,000	60,000	Machinery	1,50,000	1,69,000
P. & L. A/c.	30,500	30,600	Stock	1,00,000	74,000
Bank loan			Sundry debtors	80,000	64,200
(long term)	70,000	—	Cash	500	600
Sundry creditor	1,50,000	1,35,200	Bank	—	8,000
Provision for			Goodwill	—	5,000
taxation	30,000	35,000			
	<i>5,30,500</i>	<i>5,10,800</i>		<i>5,30,500</i>	<i>5,10,800</i>

Additional Information :

During the year ended 31st December, 2016 :

- (1) Dividend of Rs. 2,30,000 was paid.
- (2) The following assets of another company were purchased for a consideration of Rs. 50,000 paid for in shares.
 - (a) Stock Rs. 20,000
 - (b) Machinery Rs. 25,000
- (3) Machinery was further purchased for Rs. 8,000.
- (4) Depreciation written off : Machinery Rs. 22,000.
- (5) Income tax provided during the year Rs. 33,000.
- (6) Loss on sale of machinery Rs. 200 was written off to general reserve.

Prepare Cash-Flow Statements.

OR

- 2** The following Balance Sheets of "Amidhara Ltd." for the year 2015 and 2016 are available :

<i>Liabilities</i>	<i>2016 Rs.</i>	<i>2015 Rs.</i>	<i>Assets</i>	<i>2016 Rs.</i>	<i>2015 Rs.</i>
Share capital	7,00,000	6,00,000	Fixed assets	12,00,000	10,00,000
General reserve	2,50,000	2,00,000	Investments		
Capital reserve	10,000	—	(at cost)	1,80,000	1,80,000
Profit & Loss A/c.	2,00,000	1,00,000	Stock (at cost)	2,70,000	2,00,000
Depreciation			Debtors	2,70,000	2,45,000
fund A/c.	2,50,000	2,00,000	Bills receivable	65,000	40,000
Bed debt reserve	25,000	20,000	Pre payments		
7% Debentures	2,00,000	3,00,000	of expenses	12,000	10,000
Creditors for exp.	12,000	10,000	Miscellaneous		
Creditors for			expenditure	10,000	15,000
supply of goods	2,50,000	1,60,000			
Proposed dividend	35,000	30,000			
Provision for					
taxation	75,000	70,000			
	20,07,000	16,90,000		20,07,000	16,90,000

Other Information :

- (1) During the year 2016 Fixed Asset's W. D. V. is Rs. 10,000. (Depreciation written off Rs. 3,000) was sold for Rs. 8,000.
- (2) The proposed dividend of last year was paid in 2016.
- (3) During the year 2016 investment costing Rs. 80,000 were sold and profit on sales adjusted in capital reserve and latter in the year investment of the same cost were purchased.
- (4) Debentures were redeemed at a premium of 10% in 2016.
- (5) Liabilities for taxation for 2015 came to Rs. 55,000.

Prepare Cash-Flow Statement.

- 3** Following is the information on related to "Kiran Ltd.". **14**

Cost per unit's : Materials Rs. 200. Direct labour Rs. 50.
Variable overhead Rs. 38, Fixed overhead Rs. 12.

Working capital is 15% of sales. Fixed Asset's Rs. 10,40,000, Creditors Rs. 5,00,000 (long term)

If sales price Rs. 320 and sales units 20,000, interest on long term loan is @ 15% p.a. and taxation rate is 50% find out :

- (1) R.O.I. on Total Capital Employed.
- (2) R.O.I. on Owners Capital Employed.

OR

3 The Balance Sheet of "Jamuna Ltd." as on 31-12-2016 **14**
is as under :

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
10,000, 5% Preference shares of Rs. 10 each	1,00,000	Building at cost	1,50,000
15,000 Equity shares of Rs. 10 each	1,50,000	Machinery : 2,55,000 –Depreciation : <u>75,000</u>	1,80,000
Securities premium	25,000	Investment's (Non-Busi.)	20,000
General reserve	50,000	Investment (Business)	5,000
Profit & Loss A/c.	35,000	Stock	45,000
9% Debentures	35,000	Sundry debtors	40,000
Sundry creditors	35,000	Cash & Bank balance	1,000
Tax provision	15,000	Preliminary expenses	5,000
Bed debt reserve	1,000		
	4,46,000		4,46,000

Additional Information :

- (1) Profit as per Profit and Loss A/c. for the year 2016 is Rs. 53,100.
- (2) Profit on sale of machinery Rs. 4,000; Bed debt recovered Rs. 2,000; Goodwill written off Rs. 3,000; Income on non-business investment Rs. 2,000; Value of obsolete materials Rs. 1,000.
- (3) Increase in value of Asset's due to replacement value building Rs. 25,000; Machinery Rs. 55,000.
- (4) Overall depreciation on machinery at replacement value will be Rs. 93,000.
- (5) Depreciation on machinery debited during the year is Rs. 26,000 while it will be Rs. 31,000 at replacement value.

Calculate :

- (1) Rate of return on Total Capital Employed.
- (2) Rate of Return on Net Capital Employed.

- 4 What do you mean by "Asset's Liability Management" ? 14
What is its significance in Banks and Financial Institutions ?

OR

- 4 What is "Asset's Liabilities Management" ? Discussed in 14
briefly about importance and objectives of "Assets Liability
Management".

- 5 What is Responsibility Accounting ? Explain the various 14
types of Responsibility centres in details.

OR

- 5 What do you mean by Responsibility Accounting ? State 14
the Advantages and Limitations of Responsibility Accounting
System.
