



MAN-010-001602

Seat No. _____

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

March / April - 2018

602 : Management Accounting - 02

(New Course)

Faculty Code : 010

Subject Code : 001602

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

[Total Marks : 70

- Instructions :** (1) All questions carry equal marks.
(2) Show working as a part of your answer.

- 1 Prepare a fund flow statement and a schedule of changes in working capital from the following information of the "Madhav Ltd". Show all working clearly. 14

Balance Sheet of Madhav Ltd. as on 31st March.

Liabilities	31-3-2017 Rs.	31-3-2016 Rs.	Assets	31-3-2017 Rs.	31-3-2016 Rs.
Equity shares each of Rs. 10	4,00,000	1,00,000	Fixed Assets	11,00,000	5,00,000
Capital Reserve	—	1,00,000	10% investments	—	1,00,000
General Reserve	4,00,000	3,00,000	Stock	2,00,000	3,00,000
15% Debentures	3,00,000	1,00,000	Debtors	3,00,000	2,00,000
Creditors	4,00,000	1,00,000	Bank		
Bills Payable	3,00,000	1,00,000	Balance	10,00,000	—
Provision for Tax	5,00,000	2,00,000	Profit and Loss Account	—	1,00,000
Provision for Depreciation	3,00,000	1,00,000			
Bank overdraft	—	1,00,000			
	26,00,000	12,00,000		26,00,000	12,00,000

Additional Information :

- (1) The company has sold of all the fixed assets for Rs. 6,00,000 in the beginning of the year and has credited the profit to Capital Reserve Account.
- (2) The company has given fully paid up bonus shares to its equity shareholders from Capital Reserve Account.
- (3) The company has sold off its investments during the year for Rs. 1,20,000.
- (4) During the year the company paid Rs. 1,00,000 on account of interim dividend.
- (5) It has provided Rs. 5,00,000 for income tax for the year.

OR

1 The balance sheet of "Amidhara Ltd" as on 31st March, 2016 and 31st March 2017 are given below. 14

Balance Sheet of Amidhara Ltd. as on 31st March.

Liabilities	31-3-16 Rs.	31-3-17 Rs.	Assets	31-3-16 Rs.	31-3-17 Rs.
Share Capital	3,00,000	4,00,000	Fixed Assets		
Capital Reserve	-	10,000	Machinery at cost	5,00,000	6,00,000
General Reserve	50,000	65,000	–Depreciation	1,50,000	1,70,000
Profit and Loss Account	1,70,000	2,00,000	Trade investment	80,000	60,000
Current Liabilities	1,40,000	1,50,000	Current Assets :		
Provision for income tax	90,000	80,000	Stock	2,00,000	2,63,000
Proposed Dividend	36,000	48,000	Debtors	1,06,000	1,50,000
			Bank	30,000	40,000
			Miscellaneous expenses :		
			Preliminary expenses	20,000	10,000
	7,86,000	9,53,000		7,86,000	9,53,000

During the year ended 31st March 2017 the company :

- (1) Sold one machine for Rs. 30,000 the cost of which was Rs. 60,000 and depreciation provided on its was Rs. 20,000.
- (2) Sold trade investments at profit which was credited to capital reserve.
- (3) Decided to write off fixed assets costing Rs. 10,000 (fully depreciated)
- (4) Income tax paid Rs. 90,000

Prepare the statement of sources and application of funds during the year ended 31st March, 2017 showing the changes in the working capital. Show all other working also.

- 2 From the following Balance Sheet and additional information of Kiran Brothers Ltd. prepare cash flow statement. 14

Balance Sheet

Liabilities	31-3-16 Rs.	31-3-17 Rs.	Assets	31-3-16 Rs.	31-3-17 Rs.
Share capital			Goodwill	1,65,000	1,32,000
Equity share			Land and		
Capital	4,95,000	6,60,000	Building	3,30,000	2,80,500
8% Red.			Plant	1,32,000	3,30,000
Preference			Investments	33,000	49,500
share capital	2,47,500	1,65,000	Debtors	2,31,000	2,80,500
Capital			Stock	1,27,050	1,79,850
Reserve	-	33,000	Cash	24,750	16,500
General			Bank	16,500	13,200
Reserve	66,000	82,500	Bills		
Profit and			Receivable	33,000	49,500
Loss A/c.	49,500	79,200	Preliminary		
Creditors	41,250	77,550	expenses	24,750	16,500
Bills Payable	33,000	26,400			
Outstanding					
Exp.	49,500	59,400			
Provision for					
Taxation	66,000	82,500			
Proposed					
Dividend	69,300	82,500			
	11,17,050	13,48,050		11,17,050	13,48,050

Additional Information :

- (1) A building has been sold out during current year and the profit on sale has been credited to Capital Reserve Account.
- (2) A plant has been sold for Rs. 16,500 its depreciated value was Rs. 19,800 and accumulated depreciation was Rs. 16,500.
- (3) The investments are trade investment and Rs. 4,950 by way of dividend is received which include Rs. 1,650 from prior profit which has been credited to investment account.
- (4) An interim dividend Rs. 33,000 and tax Rs. 66,000 were paid.

OR

2 The following are the Balance Sheets of
“Shri Murlidhar Company Ltd” on 31st March.

14

Balance Sheet

Liabilities	31-12-16	31-12-17	Assets	31-12-16	31-12-17
	Rs.	Rs.		Rs.	Rs.
Share capital			Goodwill	30,000	28,000
each share			Building	60,000	1,00,000
of Rs. 10	1,00,000	1,50,000	Plants	40,000	95,000
General			Investment	15,000	12,000
Reserve	60,000	20,000	Stocks	16,000	25,000
P & L Account	10,000	12,000	Debtors	49,000	21,000
10% Debentures	-	50,000	Cash and		
Bills Payable	20,000	20,000	Bank	12,000	13,000
Sundry			Preliminary		
Creditors	25,000	31,000	expenses	8,000	6,000
Provision for					
taxation	15,000	17,000			
	2,30,000	3,00,000		2,30,000	3,00,000

Additional Information :

- (1) On 01-01-2017 bonus shares at one share for every two shares were issued by capitalising General Reserve.
- (2) Income tax of Rs. 14,000 was paid during year and interim dividend Rs. 8,000 was paid during the year.
- (3) Depreciation charged Rs. 6,000 on building and Rs. 4,000 on plants.
- (4) A plants 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) Closing stock of 31-12-16 was shown at price which is 20% less than cost price. Closing stock of 31-12-2017 is shown at cost price.
- (7) Goodwill was written off against Capital Reserve.
- (8) Investment of Rs. 5,000 were sold at 20% profit. This profit was credited to P&L Account.

From the above information, prepare Cash Flow Statement.

- 3** The following is the profit and loss account of "Radhe Krishna Ltd" for the year ending 31st December, 2017. You are required to compute the net profit for the purpose of calculating return on capital employed and find out ROI. **14**

Profit and Loss Account

Particular	Rs.	Particular	Rs.
To Salaries	12,00,000	By Gross Profit	42,00,000
To Goodwill written off	15,600	By Income from non-trading investment	36,000
To Legal Expenses	1,68,000	By Surplus from foreign exchange	30,000
To Advertisement	3,60,000	By Profit on sale of previous year	60,000
To Rent	1,92,000		
To Loss on sale of machine	4,800		
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To Printing and Stationary		24,000	
To Depreciation			
Plant	4,92,000		
Furniture	36,000		
Building	1,20,000	6,48,000	
To Interest on Bank Loan		4,800	
To Net Profit		17,08,800	
		43,26,000	43,26,000

Additional Information :

- (1) Legal expenses include Rs. 24,000 being expenses of exceptional nature.
- (2) Profit of Rs. 84,000 on completed contracts has not been included in the above profit.
- (3) The capital employed is to be computed on the basis of replacement costs of assets and the additional depreciation of Rs. 2,28,000 is to be provided.
- (4) If return on capital employed is 20% what is the required capital employed in business ?

OR

- 3** (A) Prit's & Co. Ltd. is manufacturing one standard product. The standard cost per unit is given below : **10**

Particular	Rs.
Direct material	16
Direct Labour	8
Variable Overheads	6
	30

The budgeted production is 10,000 units and fixed overheads are fixed at Rs. 1,50,000. The policy of the company is to charge profit at $33\frac{1}{3}\%$ on cost.

Prits & Co. Ltd. B/S as on 31-12-2017

Liabilities	Rs.	Assets	Rs.
Share Capital	7,00,000	Fixed Asset's Less	
Profit and Loss A/c.	50,000	depreciation	6,80,000
Creditors	20,000	Current Assets	90,000
	7,70,000		7,70,000

You are required to calculate the return on investment and return on sales and give your comments on profitability of the company.

- (B) Following data is extracted from the books of "Satish Ltd" for the year 2017. 4

Net Sales Rs. 20,00,000

Net Operating Profit Rs. 4,80,000

Average total Assets is Rs. 12,00,000

Shareholder's equity Rs. 8,00,000

Net profit after interest and tax Rs. 2,80,000

You are required to calculate the return on capital employed for management and for shareholders purpose.

- 4 Explain in detail : (Any **Two**) 14

- (1) Process of ALM
- (2) Legal framework of ALM
- (3) Asset's liabilities management in Indian practices.
- (4) Discuss the significance of ALM

- 5 Define "Responsibility Accounting". Also explain the responsibility centres in detail. 14

OR

- 5 State advantages and limitations of responsibility accounting system. 14
