



PC-010-001602

Seat No. _____

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

March / April – 2020

Management Accounting - II

(Old Course)

Faculty Code : 010

Subject Code : 001602

Time : 2½ Hours]

[Total Marks : 70

Instructions :

- (1) All the questions are **compulsory**.
- (2) Figures to the **right** side indicate marks.
- (3) All working notes should form part of your answer.

1 The Balance Sheets of M/s. Jhanvi Limited for the last **14** two years are as follows along with the various adjustments. From the same, you are requested to prepare “Fund-Flow Statement.” All the working will be part of your answer :

<i>Liabilities</i>	<i>31-03-'18</i> <i>Rs.</i>	<i>31-03-'19</i> <i>Rs.</i>	<i>Assets</i>	<i>31-03-'18</i> <i>Rs.</i>	<i>31-03-'19</i> <i>Rs.</i>
Eq. Share Capital	3,90,000	5,20,000	Goodwill	16,000	10,000
General Reserve	2,21,000	2,60,000	Machinery	4,00,000	4,00,000
Capital Reserve	-	13,000	Building	6,40,000	8,35,000
P & L Account	78,000	97,500	Investments	1,30,000	1,04,000
Debentures	2,60,000	1,82,000	Sundry		
Sundry Creditors	1,00,000	69,000	Debtors	2,50,000	2,80,000
Bills Payable	56,000	1,00,000	Stock	1,14,000	1,23,000
Provision for Tax	1,17,000	1,10,500	Cash		
Provision for			Balance	10,000	29,000
Depreciation	2,99,000	3,77,000			
Proposed Dividend	39,000	46,800			
Unclaimed Dividend	-	5,200			
	15,60,000	17,81,000		15,60,000	17,81,000

Additional Information :

- (1) A machine is sold for Rs. 32,500 which had original cost worth of Rs. 65,000 and depreciation provided till the date of sale, is worth of Rs. 27,300. Furthermore, another machine worth of Rs. 18,000 is fully depreciated, and thereby, the same is to be written off.
- (2) Current year depreciation to be provided – (a) Building – Rs. 43,300 and (b) Machinery – Rs. 80,000.
- (3) During the year, debentures were redeemed at 5% premium.
- (4) Investments were sold at a profit and the said profit is transferred to Capital Reserve Account.
- (5) In the previous years, the stocks were undervalued by 5%. However, from the current year onwards, it is decided to be valued at cost price. The closing stock as on March 2019 was correctly valued at cost price.
- (6) During the year, Income Tax paid is worth of Rs. 80,000.

OR

1 Balance Sheets of Pranjal Limited for 2018 and 2019 are 14 as under :

<i>Liabilities</i>	<i>31-03-'18</i> <i>Rs.</i>	<i>31-03-'19</i> <i>Rs.</i>	<i>Assets</i>	<i>31-03-'18</i> <i>Rs.</i>	<i>31-03-'19</i> <i>Rs.</i>
Eq. Share Capital	4,00,000	6,00,000	Plant and Machinery	5,20,000	8,92,000
General Reserve	2,40,000	80,000	Land and Building	1,00,000	60,000
Capital Reserve	-	60,000	Investments	60,000	48,000
P & L Account	40,000	52,800	Stock	40,000	60,000
Debentures	-	2,00,000	Sundry Debtors	2,20,000	1,40,000
Sundry Creditors	1,04,000	1,00,000	Cash & Bank Balance	48,000	36,000
Bills Payable	1,16,000	1,04,000	Preliminary exp.	32,000	24,000
Outstanding Exp.	60,000	-	Debtore Discount	-	4,800
Provision for Income Tax	40,000	38,000			
Proposed Dividend	20,000	30,000			
	10,20,000	12,64,800		10,20,000	12,64,800

Additional Information :

- (1) The company has given bonus shares in the ratio of one bonus share to holder of four equity shares. After the same, the right shares in proportion of 5 : 1 on increased share capital.
- (2) During the year, Rs. 30,000 was paid for income tax and Rs. 10,000 for interim dividend.
- (3) During the year, debentures were issued at 5% discount.
- (4) Land worth of Rs. 40,000 was sold at certain profit. The said profit was credited to capital reserve account.
- (5) Depreciation on Plant and Machinery was Rs. 60,000.
- (6) Investments of Rs. 20,000 were sold at a profit of Rs. 4,000 and this profit was credited to Profit and Loss Account.

From the above information, prepare :

- (a) Statement showing changes in working capital and
- (b) Fund Flow Statement

All working notes will be part of your answer.

2 Following is the Balance Sheets of Kiana Limited : **14**

<i>Liabilities</i>	<i>31-03-'18</i> <i>Rs.</i>	<i>31-03-'19</i> <i>Rs.</i>	<i>Assets</i>	<i>31-03-'18</i> <i>Rs.</i>	<i>31-03-'19</i> <i>Rs.</i>
Equity Share Capital (Shares of Rs. 10 each)	12,00,000	18,00,000	Goodwill	4,80,000	3,60,000
Preference Share Capital (shares of Rs. 10 each – Rs. 7 paid)	4,20,000	-	Building	9,60,000	15,00,000
Share Premium	90,000	60,000	Plant and Machinery	8,40,000	12,00,000
General Reserve	4,80,000	3,00,000	Investments	2,40,000	-
P & L Account	2,10,000	4,50,000	Stock	1,80,000	3,00,000
8% Debentures	-	6,00,000	Debtors	2,64,000	2,40,000
Sundry Creditors	3,00,000	3,60,000	Bills	60,000	60,000
Bills Payable	1,20,000	-	Receivable	60,000	60,000
Provision for Taxation	1,44,000	1,80,000	Cash Balance	60,000	66,000
Proposed Dividend	1,20,000	2,16,000	Bank Balance	-	2,40,000
	30,84,000	39,66,000		30,84,000	39,66,000

During the year :

- (1) Depreciation on Building – Rs. 1,80,000 and Plant and Machinery – Rs. 1,50,000.
- (2) Following the provisions of the companies act, Preference Shares has been redeemed at 5% premium. For the said purpose, Rs. 6,00,000 is transferred to Capital Redemption Account from General Reserve Account.
- (3) Debentures have been issued worth of Rs. 6,00,000 at 5% discount.
- (4) Bonus Shares to Equity Shares is issued in the ratio of 2 : 1 from Capital Redemption Account.
- (5) Paid Dividend worth Rs. 1,20,000 and Income Tax worth of Rs. 1,50,000.
- (6) Investment has been sold in such a way so as to realize 20% profit on sales price.

You are requested to prepare cash-flow statement as per AS-3. All working notes will be part of your answer.

OR

- 2** Following is the Balance Sheets of PL Ltd. for the year **14** ended on 31st December, 2017 and 2018 :

<i>Liabilities</i>	<i>31-03-'17</i> <i>Rs.</i>	<i>31-03-'18</i> <i>Rs.</i>	<i>Assets</i>	<i>31-03-'17</i> <i>Rs.</i>	<i>31-03-'18</i> <i>Rs.</i>
Equity Share			Goodwill	2,00,000	1,60,000
Capital (Rs. 10 each)	6,00,000	10,00,000	Machinery	7,00,000	9,00,000
General Reserve	3,00,000	2,00,000	Land		
P & L Account	2,96,000	2,76,000	and Building	6,00,000	5,40,000
9% Debentures	2,00,000	2,80,000	Investments	1,60,000	1,50,000
Creditors	1,60,000	1,20,000	Stock	80,000	1,60,000
Bills Payable	1,50,000	1,90,000	Cash Balance	-	80,000
Unpaid Expenses	20,000	10,000	Debtors	1,50,000	1,80,000
Provision for Taxes	1,20,000	1,60,000	Bills		
Bank O.D.	1,10,000	-	Receivable	30,000	40,000
			Preliminary Exp.	36,000	24,000
			Debenture discount	-	2,000
	19,56,000	22,36,000		19,56,000	22,36,000

Additional Information :

- (1) On 1-1-2018, company has given Bonus shares in the ratio 1 share for 3 equity shares held. Provision for the same is done from General Reserve.
- (2) During the year, tax and dividend were paid Rs. 1,10,000 and Rs. 1,08,000 respectively.
- (3) New debentures were issued at 5% discount.
- (4) Investments of Rs. 40,000 were sold at such price so as to realize 20% profit on selling price.
- (5) Depreciation written off during the year :
 - (a) MachineryRs. 70,000
 - (b) Land and BuildingRs. 60,000
- (6) Machinery having book value of Rs. 1,00,000 was sold at 20% loss.

From the above information prepare Cash Flow Statement.

3 Balance Sheets of Space Ltd. is as under :

14

<i>Liabilities</i>	<i>31-03-'19 Rs.</i>	<i>31-03-'18 Rs.</i>	<i>Assets</i>	<i>31-03-'19 Rs.</i>	<i>31-03-'18 Rs.</i>
Share Capital	20,00,000	20,00,000	Fixed Assets	32,00,000	24,00,000
Reserve	9,28,000	8,00,000	Less: Depr.	11,20,000	8,00,000
Loan	8,00,000	9,60,000		20,80,000	16,00,000
Creditors and Other Misc. liabilities	10,32,000	2,00,000	Investments	3,20,000	2,40,000
			Stock	9,60,000	8,00,000
			Debtors	5,60,000	4,00,000
			Cash and Bank	1,60,000	1,60,000
			Other current Assets	2,00,000	2,00,000
			Misc. Exp. (not written off)	4,80,000	5,60,000
	47,60,000	39,60,000		47,60,000	39,60,000

Details regarding 2011-12 are available as under :

Sales	Rs. 48,00,000
Profit before interest and tax	Rs. 12,00,000
Interest.....	Rs. 1,92,000
Tax reserve.....	Rs. 4,80,000
Dividend Payable.....	Rs. 4,00,000

Calculate :

- (1) ROI on Average Capital Employed for the year 2019.
- (2) ROI on Average Shareholders' Fund for the year 2019.

OR

3 Balance Sheet of Global Ltd. as on 31-12-2011 is as under :14

<i>Liabilities</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>Amount (Rs.)</i>
Subscribed and paid up capital : 5,000, 5% pref. shares of Rs. 10 each fully paid	2,00,000	Fixed Assets : Land and Building	4,00,000
10,000 equity shares of Rs. 10 each fully paid	4,00,000	Machinery : 7,20,000	
Security Premium	1,00,000	Less: Depre. : -2,40,000	4,80,000
General Res.	2,00,000	Motor	
Tax provisions	50,000	Car : 1,00,000	
P&L A/c.	1,40,000	Less: Depre. : -60,000	40,000
5% Debentures	30,000	Investments	1,00,000
Current Liabilities :		<i>Current Assets :</i>	
Creditors	1,00,000	Stock: Raw Material	80,000
Outstanding Tax	60,000	Semi finished	20,000
Bank Overdraft	40,000	Finished goods	40,000
		Debtors : 1,60,000	
		- Reserve	
		for B.D. : - 4,000	1,56,000
		Cash	4,000
	13,20,000		13,20,000

Following additional information is available :

- (1) Value of land and building is Rs. 5,20,000.
- (2) Replacement value of machinery is Rs. 9,00,000 and depreciation at replacement value is Rs. 1,50,000.

- (3) Replacement value of motor car is Rs. 1,20,000 and depreciation at replacement value will be Rs. 72,000.
- (4) Investments of Rs. 80,000 are non-trading (non-business) investments and remaining Rs. 20,000 is trading or business related investments.
- (5) Profit before interest and tax provision is Rs. 1,66,000.
- (6) Following items are amounts are shown in the Profit and Loss Account during the year :
- (i) Loss on sale of machines Rs. 4,000
 - (ii) Bad debts recovered Rs. 2,000
 - (iii) Interest of Bank Overdraft Rs. 2,400
 - (iv) Depreciation on machinery debited is Rs. 72,000 during the year, but depreciation at replacement value will be Rs. 90,000.
 - (v) Depreciation on motor car is debited Rs. 20,000 while at replacement value it will amount to Rs. 24,000.
 - (vi) Income on external (non-business) investments is Rs. 20,000.
- (7) Value of obsolete raw material is Rs. 4,000.

4 Explain objectives and importance of ALM. 14

OR

4 Discuss RBI directives – legal framework with regards to ALM. 14

5 State advantages and limitations of responsibility accounting system. 14

OR

5 What is transfer price ? Explain types of transfer price. 14