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SARDAR PATEL UNIVERSITY
B. Com. (V Semester) Examination
Tuesday, 10th May 2016
2.30 pm - 4.30 pm
UB05ECOM02 : Advance Accounting and Auditing - X
Contemporary Issues of Management Accounting

Total Marks: 60

Note : Figure to the right indicate full marks of the question.

Q.1 The following is the Balance Sheet of Anand Ltd. as on 31st March 2015. (15)

Liabilities	Rs.	Assets	Rs.
70000 Equity shares of Rs.10 each	700000	Goodwill	10000
General Reserve	160500	Building	100000
6% Debentures	40000	Plant & Machinery	200000
Bank Loan (Short term)	35000	Patents	500
Sundry Creditors	60000	Investments: Quoted	
Unclaimed Dividend	3000	(Market Value Rs. 15000)	10000
Provision for Taxation	7000	Unquoted	10000
		Trade Investments	20000
		Shares in Subsidiary Co.	120000
		Stocks and Stores	150000
		Cash in hand	30000
		Sundry Debtors	300000
		Bills Receivable	50000
		Preliminary Expenses	2000
	1005500		1005500

Additional Information :

(1) The current replacement costs of Building and Plant & Machinery are Rs. 150000 and Rs. 300000 respectively.

(2) The Market Velue of shares in Subsidiary Co. is Rs. 150000.

(3) The trade investments are valued at Rs. 25000. Unquoted investments are valued at Rs. 15000 and Quoted investments are not related with normal activities of the company.

(4) The value of raw materials included in the figures of stocks and stores has shown an increase of Rs. 50000. However, Rs. 10000 worth stocks are obsolete and are to be written off.

(5) The patents have a market value of Rs. 10000, which represent a conservative estimate of the price which can be obtained if sold at present.

(6) The profit of the year is Rs. 150000.

(7) If the depreciation is charged on the replacement cost basis then it will be increased by Rs. 10000 for Building, Rs. 15000 for Pant & Machinery and Rs. 2000 for patents.

(8) The sales made in previous year were Rs. 100000, in which estimated profit is Rs. 11000. The figure is included in the profit.

(9) The profits on completed contract is Rs. 3000. This figure has been ignored whilc calculating the net profit.

(10) The amount of goodwill written off during the year was Rs. 2000.

(11) Income from quoted investment of Rs. 1000 has been included in the profit of the year.

(12) There was a loss on sale of assets Rs. 500, which is charged to profit and loss account of the year.

From the above information, calculate Return on Gross Capital Employed and Return on Net Capital Employed.

OR

Q.1

(a) What do you understand by Capital Employed? Explain the advantages of Return on Capital Employed. (10)

(b) Write note on : Du - Pont Chart (05)

Q.2 The following figures for a period were obtained from the books of Kamal Corporation : (15)

	Rs.		Rs.
Sales	2480000	Advertisement	25000
Purchase of Raw materials	1000000	Salaries & Wages	630000
Agent's Commission	20000	Postage and Telegrams	14000
Consumable Stores	25000	P.F. Contribution	60000
Packing Materials	10000	Director's fees	40000
Stationery	10000	Rent, Rate & Taxes	16000
Audit fees	4000	Insurance	26000
Staff Welfare, expenses	158000	Managing Director's	
Repairs of Plant & Machinery	34000	Remuneration	84000
Interest on loan taken	18000	Traveling Expenses	21000
Depreciation provided	55000	Fuel & Oil	9000
Opening Stock :		Electricity	5000
Raw Materials	85000	Carriage Outward	24000
Finished Goods	200000	Dividend to shareholder	30000
Closing Stock :		Income Tax paid	100000
Raw Materials	108000	Profit & Loss Account	125000
Finished goods	240000	(Retained Earnings)	

From the above information, you are required to prepare :

(a) Statement of Value Added and

(b) Statement of Distribution of Value Added.

OR

Q.2

(a) Define Value Added Accounting and discuss the utility of value added statement. (09)

(b) Distinguish between value Added Statement and Profit and Loss Account. (06)

Q.3 Standard unit costs are given for the production of a product manufactured by Usha Limited. (15)

Normal Production Operating Capacity is 200000 Units.

Direct Materials	Rs. 1.70 per Unit
Direct Labour	Rs. 1.60 per Unit
Variable manufacturing expenses	Rs. 1.30 per Unit
Fixed manufacturing Expenses	Rs. 640000 of the Year
Variable Selling and Administrative expenses	Rs. 0.60 per Unit Sold
Fixed selling and Administrative expenses	Rs. 100000 per year

Production and sales data for the year 2015-16 was as follows :

Opening stock of finished goods	30000 Units
Production of the finished goods	205000 Units
Sales of the finished goods	185000 Units
Selling price of the product	Rs. 12 per Units

Prepare a statement of Income Under :
(a) Absorption Costing Method
(b) Marginal Costing Method

OR

Q.3
(a) A company has budgeted production of 20000 Units but the actual production was 22000 Units. Out of this 18000 Units were sold at the Rs. 120 per unit selling price. (07)
The budget cost was under :

Variable factory overhead	Rs. 55 per Unit
Fixed factory overhead	Rs. 190000
Fixed selling & administrative overhead	Rs. 90000

Sales commission is payable at 10% on actual sales proceeds.
There was no opening stock.
Calculate profit as per Absorption Casting Method.

(b) Distinguish between Absorption Costing and Marginal Costing. (08)

Q.4
(a) What is Environmental Accounting? Discuss the scope of Environmental Accounting. (09)

(b) Explain the objectives of Transfer Pricing. (06)

OR

Q.4
(a) What is Transfer Princing? Explain the methods of Transfer Pricing. (09)

(b) Discuss the utility of Environmental Accounting. (06)

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