Paper 8- Cost Accounting & Financial Management

Answer to MTP_Intermediate_Syllabus 2012_Jun2017_Set 2

Paper-8: Cost Accounting & Financial Management

Full Marks:100 **Time allowed:3 hours**

Section-A:

Answer Question No. 1 which is compulsory Carries 25 Marks

1. Answer the following questions

(A) Each Question carries 2 Marks [5 ×2 = 10]

(i) In a factory the monthly requirement for a material is 20,000 units; Ordering cost ₹ 225 per order, Purchase price ₹ 20 per unit and annual carrying cot is 15%. Calculate the economic order quantity.

(ii) A worker has completed his job within 35 hours instead of 40 standard hours. If the wages rate per hour is ₹ 36. Calculate the earnings under rowan bonus plan of the worker.

(iii) The following particulars are furnished to you by M/S Limelight & Co. Ltd in respect of a current machine:

Cost of Machine	**₹30,000**
Estimated scrap value	**₹3,000**
Working life of the machine is	**5 years**

The machine is treated as obsolete after three years of service and sold for ₹6,000. How would you treat the loss of the transaction in cost Account?

(iv) If current ratio is 2.4 : 1 and working capital is ₹25,20,000, find the amount of current assets and current liabilities.

(v) A firm earns a contribution of ₹4,80,000. Its operating leverage and financial leverage are respectively 4 and 5. Find the firm's PAT if the effective tax rate is 25%.

(B) State whether the following statements are True or False [5 ×1 = 5]

(i) Cost Control and Cost Reductions are one and the same.

(ii) At EOQ Ordering Cost and Carrying Cost are at Minimum and also equal.

(iii) Abnormal Costs are uncontrollable.

(iv) IRR and NPV always give the same profitability ranking.

(v) Liquid Assets do not include Inventory.

(C) Fill in the Blanks [5 × 1 = 5]

(i) Direct Expenses incurred for brought out resources shall be determined at _____.

(ii) Total cost +Profit =_____.

(iii) In _____ Systems, basic of wages payment is the quantity of work.

(iv) Current Ratio is the ratio of Current Assets to _____.

(v) The term IRR with relevance to capital budgeting stands for _____.

(D) Match the Following **[5 × 1 = 5]**

Column I	Column II
1. Direct Expenses	A. Capital Budgeting
2. Job Ticket	B. Effective and efficient
3. Step Distribution Method	C. CAS 10
4. Benefit Cost Ratio	D. Overhead
5. Organisation has to be both	E. A method of Time Booking

Answer:

(A) Answer the Following:

(i) $EOQ = \sqrt{(2 \times 20000 \times 12 \times 225) / 15\% \text{ of } 20}$

$= \sqrt{\frac{108000000}{3}} = 6000$ Units

(ii)

Normal wages = 35 x ₹ 36	₹ 1260.00
Bonus under Rowan Plan	₹ 157.50
$(40 - 35) \times \frac{35}{40} \times$ ₹ 36	₹ 1417.50

(iii)

Cost of machine	30,000
Less: Scrap value	3,000
	27,000

Depreciation per year = 27,000 ÷ 5 = 5,400

Computation of loss:

Cost of machine	30,000
Less: Dep for 3 yrs	16,200
WDV at the end of 3 yrs.	13,800
Less: Sale value	6,000
Loss	7,800

Entire loss may be charged to costing profit and loss a/c in the year of sale or may be spread over the balance period of life of the machine.

(iv) Let, Current liability be 'x' and current assets be 2.4x

Then, Working capital = 2.4x – x = ₹25,20,000

X (Current liabilities) = ₹25,20,000/1.4 = ₹18,00,000

Current Assets = 18,00,000 × 2.4 = ₹43,20,000.

(v) Combined Leverage = Operating Leverage × Financial Leverage = 4×5 = 20

Combined leverage = Contribution/ EBT

EBT = Contribution/Combined Leverage = ₹4,80,000/20 = ₹24,000

PAT = EBT × (1 – Tax rate) = 24,000 × (1 – 0.25) = ₹18,000.

(B) True or False:

(i) False

(ii) True

(iii) False

(iv) False

(v) True

(C) Fill in the blanks:

(i) Invoice price

(ii) Selling Price

(iii) Piece rate

(iv) Current Liabilities

(v) Internal Rate

(D) Matching:

Column I	Column II
1. Direct Expenses	**C.** CAS 10
2. Job Ticket	**E.** A method of Time Booking
3. Step Distribution Method	**D.** Overhead
4. Benefit Cost Ratio	**A.** Capital Budgeting
5. Organisation has to be both	**B.** Effective and efficient

Section-B

Answer any three Question from Q. No 2,3,4 and 5. Each Question carries 15 Marks

2. (A) Two fitters, a labourer and a boy undertake a job on piece rate basis for ₹1,290. The time spent by each of them is 220 ordinary working hours. The rates of pay on time-rate basis are ₹ 1.50 per hour for each of the two fitters, ₹1 per hour for the labourer and ₹ 0.50 per hour for the boy. Calculate:

(I) The amount of piece-work premium and the share of each worker, when the piece-work premium is divided proportionately to the wages paid.

(II) The selling price of the above job on the basis of the following additional data:
Cost of Direct Material ₹ 2010, Works overhear at 20% of prime cost, Selling Overhead at 15% of Works Cost and Profit at 25% on Cost of sales. [5+5]

Answer:

(I) Calculation of Wages

2 fitters at 1.50 per hour for 220 hours each	₹660
1 labourer at ₹1.00 per hour for 220 hours	₹220
1 boy at ₹0.50 per our for 220 hours	₹110
Total	₹990

Piece work premium

Total wages agreed on piece rate	₹1,290

Less: Wages calculated on time basis	990
	300

The amount of premium will be paid to workers in proportion to the wages paid, i.e., Fitter: Labourer: Boy = 660 : 220 : 110 as under

2 fitters	₹200
1 labourer	66.67
1 boy	33.33
Total	300.00

(II) Calculation of Selling Price

Cost of direct materials	₹2,010
Direct Wages as given in (I)	1,290
Prime Cost	3,300
Works Overhead at 20% of Prime cost	660
Works Cost	3,960
Selling Expense 15% of Works Cost	594
Cost of Sales	4,554
Add: Profit 25% on Cost of Sales	1,138.5
Selling Price	5,692.5

(B) Royalty paid on sales ₹30,000; Royalty paid on units produced ₹20,000, hire charges of equipment used for production ₹2,000, Design charges ₹15,000, Software development charges related to production ₹22,000. Compute the Direct Expenses. [5]

Answer:

Computation of Direct Expenses

	Particulars	Amount (₹)
	Royalty paid on Sales	30,000
Add	Royalty paid on units produced	20,000
Add	Hire charges of equipment used for production	2,000
Add	Design Charges	15,000
Add	Software development charges related to production	22,000
	Direct Expenses	89,000

Note:

- Expenses are related to either manufacturing of the product or rendering of service
- These costs are directly identifiable and can be linked with the cost object and are not related to direct material cost or direct employee cost. Hence, these are considered as Direct Expenses.

3. (A) Illustrate scrap? How do you treat scrap in Cost Accounts? [3+4]

Answer:

This is also in the form of incidental material residue coming out of certain types of manufacturing processes but it is usually in small amounts and has low measurable utility or market value, recoverable without further processing. Numerous examples of scrap may be given; scrap may arise in the form of turnings, borings, trimmings, fillings, shavings etc., from metals on which machine operations are carried out; saw dust and trimmings

in the timber industry; dead heads and bottom ends in foundries; and cuttings, pieces, and split in leather industries. Scrap should always be physically available unlike waste which may or may not be present in the form of a residue.

Accounting treatment of scrap is as follows:

- **Sales Credited to Revenue:** In this method, the scrap is not cost and its value does not, therefore, appear separately in the Cost Accounts. Only a quantitative record of the scrap returned to storeroom from the shops is maintained and the sale value realised from time to time is credited to the Profit and Loss Account as miscellaneous revenue.
- **Credit to Overhead:** In this method and in the following method the scrap is assigned a cost. The cost is usually the sale value of the scrap less selling and distribution costs. If the scrap has no ready market but has only utility or use value, and is taken as a credit to manufacturing overhead. The effect of this credit is to reduce the overhead recovery rate. When predetermined overhead rates are in use, it is more expedient to credit an estimated allowance for the scrap instead of the amount of actual scrap.
- **Credit to Jobs:** The scrap is assigned a cost and is traced to the job which yielded the scrap. This affords a reasonable amount of credit to the jobs and widely different.
- **Transfer to Other Jobs:** Scrap arising in one job may be issued for utilization in another job. Such transfers of scrap from one job to another should be affected through Material Transfer Notes. Alternatively, scrap may be returned to store room and subsequently issued to another job for utilization. The latter method is more appropriate when some further processing is required on the scrap before it can be utilized for other jobs.

(B) Two components A and B are used as follows:

Normal usage **=50 per week each**

Re-order quantity **=A- 300; B-500**

Maximum usage **=75 per week each**

Minimum usage **=25 per week each**

Re-order period: A - 4 to 6 weeks; B - 2 to 4 weeks

Calculate for each component

(a) Re-order level; (b) Minimum level; (c) Maximum level; (d) Average stock level. [8]

Answer:

	Particulars	A	B
a)	Reorder Level [Max. Consumption × Max. Re-order Period]	450 units (75 x 6)	300 units (75 x 4)
b)	Minimum Level [ROL – (Normal Consumption x Normal Re-order period)]	200 units [450 – (50x5)]	150 units [300 – (50x3)]
c)	Maximum Level [ROL + ROQ – (Min. Consumption x Min Re-order period)]	650 units [450 + 300 – (25x4)]	750 units [300 + 500 – (25 x 2)]

d)	Average Stock Level [Min. Level + Max. Level] / 2 or [Min. Level + ½ × ROQ]	425 units [200 + 650 / 2] (or) or 350 units 200 + ½ (300)	450 units [150 + 750 / 2] (or) or 400 units 150 + ½ (500)

4. (A) XYZ Ltd. has three production departments, X Y and Z and two service departments, S_1 and S_2. The following figures are available for a certain production period:

Items of Overheads	Amount (₹)
Indirect Wages	16,000
Indirect Materials	12,000
Depreciation - Machinery	30,000
Depreciation - Building	10,000
Rent, Rates and Taxes	10,000
Electric Power for Lighting	1,000
Electric Power for Machinery	15,000
General Expenses	15,000

	Total	X	Y	Z	S_1	S_2
Direct Material (₹)	60,000	20,000	10,000	20,000	6,000	4,000
Direct Wages (₹)	40,000	15,000	15,000	5,000	3,000	2,000
Floor Area (Sft)	50,000	15,000	10,000	10,000	5,000	10,000
Value of Machinery (₹)	3,00,000	80,000	1,00,000	60,000	30,000	30,000
Horse Power (HP) of Machinery	150	60	50	30	5	5
Number of lights points	50	15	10	10	10	5
Labour Hours	15,000	5,000	5,000	2,000	1,000	2,000

Prepare a statement showing the distribution of overheads among the production and service departments on the most equitable basis. [10]

Answer:

Departmental Overhead Distribution Summary

Particular	Basis of apportionment	Total (₹)	Production Depts.				
			X (₹)	Y (₹)	Z (₹)	S_1 (₹)	S_2 (₹)
Indirect Wages	Direct Wages	16,000	6,000	6,000	2,000	1,200	800
Indirect Material	Direct material	12,000	4,000	2,000	4,000	1,200	800
Depreciation on Buildings	Floor Area	10,000	3,000	2,000	2,000	1,000	2,000
Depreciation on Machinery	Value of Machine	30,000	8,000	10,000	6,000	3,000	3,000
Rent, Rates & Taxes	Floor Area	10,000	3,000	2,000	2,000	1,000	2,000

Electric Power for lighting	No. of light Points	1,000	300	200	200	200	100
Electric Power for machinery	H. P. of machinery	15,000	6,000	3,000	3,000	500	500
General Expenses	Labour Hours	15,000	5,000	2,000	2,000	1,000	2,000
		1,09,000	35,300	32,200	21,200	9,100	11,200

(B) What is meant by the following terms? Given an example of each in a situation where a factory makes use of the same production facility to make products A, B, C and D using the same raw material R.

(i) Relevant cost

(ii) Replacement cost **[$2^1/_2+2^1/_2=5$]**

Answer:

(i) Relevant Cost: 'relevance' of cost arises only with respect to a specific purpose in the context of a decision. A cost has to change if the decision is one way or other. A cost, even if variable with respect to the cost object and is out of pocket and to be incurred in future, can be irrelevant if it is the same across the alternatives concerned.

e.g. If the raw material cost removes the same for each unit of A, B, C, or D, then, it is not relevant to decide whether to produce A or B or C or D. However, if the raw material is in short supply or is consumed in different quantities across A, B, C, & D, then Raw Material cost becomes relevant in choosing the alternative A or B or C or D to be produced.

(ii) Replacement Cost: This is also a cost concept used in decision making. The item to be casted is valued at the current market price at the landed cost, if it were to be purchased.

e.g. If product A is manufactured out of existing raw material stock and product D requires purchase of material R we need to substitute replacement cost of R for A's consumption so that products A and D are compared appropriately for their profits.

5. (A) Under a scheme of payment by result, a worker takes 8 hours to complete a job. The wages is ₹24 per hour. Material Cost of the job is ₹150 and overheads are recovered at 25% of the total direct wages. Standard time allowed for the job 12 hours. You are required to calculate the factory cost of the job under Rowan system and Halsey system of incentive plan. **[2+2+4=8]**

Answer:

A: Rowan Plan:

= Hours worked × Rate per hour + (Time Saved/Time allowed) × Hours worked × Rate per hour

= 8 × 24 + [12 - 8/12] × 8 × 24

= 192 + 1/3 × 192

= 192 + 64

= ₹256

B: Halsey Plan:

= Hours worked × Rate per hour + 50% of Time Saved × Rate per hour

= 8 × 24 + 50% [12 - 8] × 24

= 192 + 48 = ₹240

C: Factory Cost:

Particulars	Rowan (₹)	Halsey Plan (₹)
I. Material cost	150	150
II. Labour cost	256	240
III. Overhead at 25% labour cost	64	60
Total	470	450

(B) Distinguish between Financial Accounting and Cost Accounting. [7]

Answer:

The main differences between Financial and Cost Accounting are as follows:

Financial Accounting	Cost Accounting
(a) It provides the information about the business in a general way. i.e Profit and Loss Account, Balance Sheet of the business to owners and other outside partners.	**(a)** It provides information to the management for proper planning, operation, control and decision making.
(b) It classifies records and analyses the transactions in a subjective manner, i.e according to the nature of expense.	**(b)** It records the expenditure in an objective manner, i.e according to the purpose for which the costs are incurred.
(c) It lays emphasis on recording aspect without attaching any importance to control.	**(c)** it provides a detailed system of control for materials, labour and overhead costs with the help of standard costing and budgetary control.
(d) It reports operating results and financial position usually at the end of the year	**(d)** It gives information through cost reports to management as and when desired.
(e) Financial Accounts are accounts of the whole business. They are independent in nature.	**(e)** Cost Accounting is only a part of the financial accounts and discloses profit or loss of each product, job or service.
(f) Financial Accounts records all the commercial transactions of the business and include all expenses i.e Manufacturing, Office, Selling etc	**(f)** Cost Accounting relates to transactions connected with Manufacturing of goods and services, means expenses which enter into production.
(g) Financial Accounts are concerned with external transactions i.e transactions between business concern and third party.	**(g)** Cost Accounts are concerned with internal transactions, which do not involve any cash payment or receipt.

Sec-C

Answer any two Questions from Q. No 6, 7 and 8. Each Question carries 15 Marks

6. (A) Zed plus Co. Ltd. has made a plan for the coming year. It is estimated that the company will employ total assets of ₹10,00,000,50% of the assets will be financed by taking loans from outside as borrowed capital for which the rate of interest will be 10% per annum.

The direct cost for the year is estimated at ₹5,00,000 and ₹1,00,000 is estimated towards other operating expenses. The sale price of goods will be 140% of the direct costs. Income Tax rate is estimated to be 50%.

You are required to find out the following:

(a) Return on assets,

(b) Net profit margin,

(c) Return on owner's equity,

(d) Asset Turnover. **[10]**

Answer:

Income Statement of Zed Plus Co. Ltd.

Particulars	Amount (₹)
Sales: (140% of 5,00,000)	7,00,000
Less: Direct Costs	5,00,000
Gross Profit	2,00,000
Less: Operating Exp.	1,00,000
Earning before Int. & Tax (EBIT)	1,00,000
Less: Interest (10% of 5,00,000)	50,000
Profit before Tax (PBT)	50,000
Less: Tax @50%	25,000
Profit after Tax (PAT)	25,000

(a) Return on assets $= \frac{\text{PAT}}{\text{Total Assets}} \times 100$

$= \frac{25,000}{10,00,000} \times 100 = 2.5\%$

(b) Net Profit margin $= \frac{\text{PAT}}{\text{Sales}} \times 100$

$= \frac{25,000}{7,00,000} \times 100 = 3.57\%$

(c) Return on owner's equity $= \frac{\text{PAT}}{\text{Equity}} \times 100$

$= \frac{25,000}{5,00,000} \times 100 = 5\%$

(d) Asset Turnover $= \frac{\text{Sales}}{\text{Total Assets}}$

$= \frac{7,00,000}{10,00,000} = 0.7$ times

(B) Write short notes on Venture Capital. **[5]**

Answer:

Venture Capital is a form of equity financing especially designed for funding high risk and high reward projects. There is a common perception that venture capital is a means of financing high technology projects. However, venture capital is investment of long term financial mode in:

- Ventures promoted by technically or professionally qualified but unproven

entrepreneurs or

- Ventures seeking to harness commercially unproven technology or
- High risk ventures.

The term venture capital represents financial investment in a highly risky project with the objective of earning a high rate of return.

Modes of finance by venture capitalists are Equity, Conditional loan and convertible loans.

7. (A) M/S Bright Ltd. provides you with the following details:

	Cost per unit (₹)
Raw material	**60**
Direct labour	**20**
Overhead	**30**
Total cost	**110**
Profit	**30**
Selling price	**140**

Average raw materials remain in stock for one month. Average material in work-in-process is for half month. Credit allowed to customers - one month and credit allowed by suppliers - one month.

Average time lag in payment of wages: 10days; average time lag in payment of overheads 30 days. 25% of sales are on cash basis. Cash balance expected to be ₹50,000. Finished goods lie in the warehouse for one month.

You are advised to prepare a statement of working capital to finance a level of activity of 54,000 unit of output p.a. Production is carried on evenly throughout the year and wages and overheads accrue sirmilarly.

State your assumptions, if any. [5+5=10]

Answer:

Statement of Working capital:

I. Current Assets

	Amount	**Amount**
	(₹)	**(₹)**
Minimum cash balance	50,000	
Inventories:		
Raw materials (4500 × 60)	2,70,000	
Work-in-progress		
Material- 4500 × 60/2	1,35,000	
Wages 50% of (4,500 × 20) / 2	22,500	
Overheads 50% of (4,500 × 30)/2	33,750	
Finished goods (4,500 × 110	4,95,000	
Debtors (4500 ×110 × 75%)	3,71,250	
Gross Working capital	13,77,500	13,77,500

II. Current Liabilities:

	Amount	**Amount**
	(₹)	**(₹)**
Creditors for materials (4,500 × 60)	2,70,000	

Creditors in wages (4,500 × 20) / 3	30,000	
Creditors for Overheads (4,500 × 30)	1,35,000	
	4,35,000	4,35,000
Net working capital -		9,42,500

Working Notes:

(1) In valuation of work-in-progress, raw materials have been taken at full requirements for 15 days but wages and overhead have been taken at 50% on the assumption that on an average all units in work-in-progress are 50% complete.

(2) Annual level of activity is 54,000 units. So, monthly units 54,000 ÷ 12 = 4,500

(B) M/S Sun & Moon Co. Ltd. is considering to select one project out of two alternative projects both with life of 5 (Five) years and following particulars are given:

		Project X	Project Y
		(₹)	(₹)
Capital Investment	**Year 0**	**2,00,000**	**1,00,000**
Income	**Year I**	**60,000**	**50,000**
	Year II	**40,000**	**45,000**
	Year III	**40,000**	**30,000**
	Year IV	**35,000**	**30,000**
	Year V	**40,000**	**20,000**

The expected rate of return is 14% p.a. The present value of ₹ 1 at 14% p.a. from year 1 to 5 is as under:

Year	**1**	**2**	**3**	**4**	**5**
Present value factor	**0.88**	**0.77**	**0.68**	**0.59**	**0.52**

You are required to calculate the comparative profitability of the two projects by using net present value method and advise the management suitably. [5]

Answer:

Comparative Profitability's:

Year	**Investment-X**			**Investment-Y**	
	P/V Factor @14%	**Annual Income (₹)**	**P/V (₹)**	**Annual Income**	**P/V (₹)**
1	0.88	60,000	52,800	50,000	44,000
2	0.77	40,000	30,800	45,000	34,650
3	0.68	40,000	27,200	30,000	20,400
4	0.59	35,000	20,650	30,000	17,700
5	0.52	40,000	20,800	20,000	10,400
			1,52,250		1,27,150
Less:	Investment		2,00,000		1,00,000
		-Ve	47,750	+Ve	27,150

As the NPV is positive in case of Investment 'Y' the project Y may be selected

8. (A) Explain the concepts of operating leverage and financial leverage. [5]

Answer:

Operating Leverage:

It is a measure that reflects the impact of change in sales on the level of operating profits of the firm.

Degree of Operating Leverage (DOL)= $\frac{\text{Contribution}}{\text{Earninge before Interest and Taxes}}$

There is a DOL for each level of output.

Financial Leverage:

Financial Leverage is the percentage increase in Earnings Per Share (EPS) associated with a given percentage increase in the level of EBIT.

Degree of Financial Leverage (DFL) = $\frac{\text{EBIT}}{\text{EBT}}$

(B) From the following Balance Sheet of PKJ Ltd., Prepare Funds Flow Statement for 2016.

₹ 000

Liabilities	31-3-15	31-3-16	Assets	31-3-15	31-3-16
Equity Share Capital	150	200	Goodwill	50	40
9% Redeemable Preference Share capital	75	50	Land & Buildings	100	85
Capital Reserve	—	10	Plant & Machinery	40	100
General Reserve	20	25	Investments	10	15
Profit & Loss Account	15	24	Sundry Debtors	70	85
Proposed Dividend	21	25	Stock	39	55
Sundry Creditors	13	24	Bills Receivable	10	15
Bills Payable	10	8	Cash in hand	7	5
Liability for Expenses	15	18	Cash at bank	5	4
Provision for tax	20	25	Preliminary Exp.	8	5
	339	409		339	409

Additional information:

- **A part of land was sold out in 2016, and the profit was credited to Capital Reserve.**
- **A machine has been sold for ₹5,000 (written down value of the machinery was ₹6,000). Depreciation of ₹5,000 was charged on plant in 2016.**
- **An interim dividend of ₹10,000 has been paid in 2016.**
- **An Amount of ₹1,000 has been received as dividend on investment in 2016.**

[10]

Answer:

Funds flow Statement

Sources	(₹ 000)	Application	(₹ 000)
Funds from Operation	67	Investment Purchased	5
Sale proceed of Plant	5	Increase in Working Capital	16
Sale proceed of Land	25	Purchase of Plant & Machinery	71
Issue of Equity Share Capital	50	Redemption of Preference Share Capital	25
Dividend on Investments received	1	Proposed Dividend for last year	21
		Interim dividend paid	10
	148		148

Working Note 1:

1. Calculation of changes in Working Capital:

	Amount	(₹) in 000
Current Asset	**31-3-15**	**31-3-16**
Debtors	70	85
Stock	39	55
B/R	10	15
Cash in hand	7	5
Cash at bank	5	4
A: Total Current Assets	131	164

	Amount	(₹) in 000
Current Liabilities	**31-3-15**	**31-3-16**
Creditors	13	24
B/P	10	8
Liabilities for exp.	15	18
Provision for Tax	20	25
B: Total Current Liabilities	58	75
Working capital (A-B)	73	89

2. Calculation of Fixed assets purchase during the year

Plant and Machinery A/c

Particulars	(₹ 000)	Particulars	(₹ 000)
To Balance b/d	40	By Bank – sale proceeds	5
To Bank – Purchases (Bal. fig.)	71	By P & L-Loss	1
		By Depreciation	5
		By Balance C/f	100
	111		111

Land and Building A/c

Particulars	(₹ 000)	Particulars	(₹ 000)
To Balance b/d	100	By Bank (Bal. fig.)	25
To Profit-Transfer to C/R	10	By balance c/f	85
	110		110

3. Calculation of Funds from Operation

P& L Adjustment A/c

Particulars	(₹ 000)	Particulars	(₹ 000)
To Depreciation	5	By balance b/d	15
To Loss on sale of machinery	1	By Dividend Received	1
To Interim Dividend	10		
To Transfer to G/R	5		
To Proposed Dividend	25		
To Goodwill written off	10		
To Preliminary exp. written off	3		
To Closing balance	24	Funds from Operation (Bal. fig.)	67
	83		83