

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER - I – EXAMINATION – WINTER 2021**

**Subject Code:1519601****Date: 11/03/2022****Subject Name: Management Accounting****Time:10:30 AM TO 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q1** Explain the following terms **14**
- a) Managerial Accounts
  - b) Depreciation
  - c) Inventory
  - d) GAAP
  - e) Differentiate between accrual basis of accounting and cash basis of accounting
  - f) Accounting Standards
  - g) Trial Balance
- Q2A** Write a detailed note on Accounting Principles, concepts and conventions **7**
- Q2B** Explain the significance and importance of IFRS. **7**
- OR**
- Q2B** From the following particulars, prepare the Stores Ledger Account showing how the value of the issues would be recorded under FIFO methods. **7**
- 01.12.2003 Opening Stock 1,000 Units at Rs. 26 each  
 05.12.2003 Purchased 500 Units at Rs. 24.50 each  
 07.12.2003 Issued 750 Units  
 10.12.2003 Purchased 1,500 Units at Rs. 24 each  
 12.12.2003 Issued 1,100 Units  
 15.12.2003 Purchased 1,000 Units at Rs. 25 each  
 17.12.2003 Issued 500 Units  
 18.12.2003 Issued 300 Units  
 25.12.2003 Purchased 1,500 Units at Rs. 26 each  
 29.12.2003 Issued 1,500 Units
- Q3A** Explain trend analysis with hypothetical example. **7**
- Q3B** On 1<sup>st</sup> April 2015, PQR Ltd, purchased a second machine for Rs. 80000, and spent Rs. 20000 on its charge, repair and installation. On 30<sup>th</sup> sept 2016, repair and renewal amounted Rs. 2000. On sept 2017, the machine is sold for Rs. 50000. Depreciation is to be provided @ 20% p.a. according to WDV. Prepare machinery account for first three years. **7**
- OR**
- Q3A** Define cost, costing and cost accounting. Enumerate the objectives of cost accounting. **7**
- Q3B** Calculate i) Current Asset ii) current liability iii) liquid asset from the following information. **7**
- Current Ratio= 2.6  
 Liquid ratio= 1.4  
 Working capital= 110000
- Q4A** “Ratio analysis is one of the important tools for financial statement analysis”. Explain giving the relevance of ratio analysis using some of the important ratios. **7**
- Q4B** Vasant Ltd manufactures a product. A summary of its activities for the year 2009–2010 is given below: **7**

Particulars	Units	Rs.
Sales	1,00,000	10,00,000
Material, 1 April 2009		50,000
Material, 31 March 2010		35,000
Work-in-progress, 1 April 09		45,000
Work-in-progress, 31 March		10 60,000
Finished goods, 1 April 2009	20,000	1,00,000
Finished goods, 31 March 2010	40,000	
Materials purchased		2,00,000
Direct labour		1,60,000
Manufacturing overhead		1,20,000
Selling expenses		1,10,000
General expenses		50,000

Prepare a cost sheet.

OR

**Q4A** Differentiate between periodic inventory system and perpetual inventory system 7

**Q4B** From the following, compute the composite BEP: 7

Particular	Rs.
Total fixed costs:	1,00,000
Total sales for 5 products:	5,00,000
Total variable costs:	3,00,000

**Q5**

**The following Trial Balance was extracted from the books of XYZ corporation**

**14**

Particular	Dr (Rs)	Particular	Cr (Rs)
Plant and Machinery	2,00,000	Capital accounts	8,00,000
Manufacturing wages	3,45,000	Sundry creditors	4,45,600
Salaries	1,58,500	Bank loan	1,50,000
Furniture	1,00,000	Purchase return	17,400
Freight on purchase	18,600	Sales	25,08,500
Freight on sales	21,400	Provision for doubtful debts	20,000
Buildings	2,40,000		
Manufacturing expenses	95,000		
Insurance and tax	42,500		
Goodwill	2,50,000		
General expenses	82,000		
Factory fuel and power	12,800		
Sundry debtors	7,82,000		
Factory lighting	9,500		
Opening Stock	3,42,000		
Motor car	1,20,000		
Purchases	10,20,000		
Sales returns	31,000		
Bad Debts	14,000		
Interests and Bank Charges	4,000		
Cash at bank	42,000		
Cash in hand	11,200		
	39,41,500		39,41,500

**Required:** Prepare the trading Profit and loss accounts for the year ended 31<sup>st</sup> March 2021 and the Balance Sheet as on that date taking into consideration the following information:

- (a) Closing Stock was valued at R. 3,05,000.  
 (b) Deprecate Plant and Machinery by 10% p.a., Furniture by 5% p.a. and Motor car by Rs. 10,000.  
 (c) Create provision for doubtful debts at 5% on Sundry Debtors.  
 (d) A commission of 1% on the gross profit is to be provided to works manager.  
 (e) General Manager is to be allowed a commission @ 2% on net profit after charging works Manager's and before charging General Manager's Commission.

**OR**

The following are the summarized Balance sheet of Gamma Ltd. As on 31<sup>st</sup> March,2006 and 31<sup>st</sup> March,2007.

**14**

<b>Liabilities</b>	<b>31/03/2006</b>	<b>31/03/2007</b>	<b>Assets</b>	<b>31/03/2006</b>	<b>31/03/2007</b>
Share capital	4,50,000	4,50,000	Plant & Machinery	4,00,000	3,20,000
General reserve	3,00,000	3,10,000	Investments	50,000	60,000
Profit and loss	56,000	68,000	Inventory	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Provision for taxation	75,000	10,000	Cash at bank	1,49,000	1,97,000
Mortgage loan	-	2,70,000			
	<b>10,49,000</b>	<b>12,42,000</b>		<b>10,49,000</b>	<b>12,42,000</b>

**Additional Information:**

- (a) Investments costing Rs 8,000 were sold during the year for Rs 8,500.  
 (b) Provision for taxation made during the year was Rs 9,000.  
 (c) During the year, a part of plant & machinery costing Rs 10,000 was sold for Rs 12,000, the profit was included in profit and loss account.  
 (d) Dividend paid during the year amounted to Rs 44,080.

You are required to prepare a Cash Flow Statement.

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