

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA– SEMESTER –I-EXAMINATION – WINTER-2023

Subject Code:1519601**Date: 11-01-2024****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.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

Q.1 Define the following terms.**14**

- (a) Differentiate between the accrual basis of accounting and the cash basis of accounting.
- (b) Inventory
- (c) Trial Balance
- (d) Trade Discount
- (e) Working capital
- (f) Rule of debit and credit
- (g) Users of Financial Statement

Q.2 (a) What is meant by Generally Accepted Accounting Principles (GAAP)? Differentiate between Indian GAAP and IFRS.**07****(b)** From the following Balance Sheet, prepare a Common Size Statement**07**

Liabilities	2002	2003	Assets	2002	2003
	Rs.	Rs.		Rs.	Rs.
Share Capital	2,64,000	2,80,000	Cash in Hand	10,000	10,750
Current Liabilities	65,000	70,000	Cash at Bank	3,500	5,000
Long-term Debt	1,00,000	87,500	Bills Receivable	22,500	22,750
Bills Payable	12,500	-	Sundry Debtors	90,000	85,000
Sundry Creditors	10,000	16,000	Inventories	70,000	83,000
Bank Overdraft	50,000	71,500	Fixed Assets	3,00,000	3,07,500
			Prepaid Expenses	5,500	10,500
	5,01,500	5,25,000		5,01,500	5,25,000

OR**(b)** Calculate Return on Investment Ratio from the following information :**07**

	Rs.
1000 Equity shares @ of Rs.10 each	10,000
2000, 5% preference share @ of Rs. 10 each	20,000
Reverses	5,000
Net profit before interest and Tax	10,000
Interest	2,000
Taxes	3,000

- Q.3 (a)** What is Accounting? Explain giving examples various accounting concepts and conventions **07**
- (b)** From the following particulars, prepare stores Ledger Account on weight Average basis: **07**
 2003 March 1 Opening balance 200 units at Rs. 2 per unit
 10 Purchased 300 units at Rs. 2.40 per unit
 15 Issued 250 units.
 18 Purchased 250 units at Rs. 2.60 per unit
 20 Issued 200 units.
 25 Purchased 300 units at Rs. 2.50 per unit
 31 Purchased 100 units at Rs. 2 per unit

OR

- Q.3 (a)** Explain the conceptual framework of financial statements in detail **07**
- (b)** Alpha Co. Ltd manufactured and sold 1,000 iron boxes in the year ending 31 March 2010. The summarized trading and profit and loss account is shown as follows: **07**

	Rs		Rs
To cost of materials	1,00,000	By Sales	5,00,000
To direct wages	1,50,000		
To manufacturing expenses	80,000		
To gross profit	1,70,000		
	5,00,000		5,00,000
To Salaries	80,000	By gross profit	1,70,000
to rent, rates , insurance	15,000		
to selling expense	25,000		
to general expense	30,000		
to net profit	20,000		
	1,70,000		1,70,000

For the year ending 31 March 2011 it is estimated that

1. Output and sales will be 1,500 iron boxes.
 2. Prices of raw materials will rise by 25% on the previous year's level.
 3. Wages will rise by 20%.
 4. Manufacturing costs will rise in proportion to the combined cost of materials and wages.
 5. Selling cost per unit will remain unaffected.
 6. Other expenses will remain unaffected by the rise in output.
- You are required to submit a statement to the board of directors showing the price at which the iron box should be marketed so as to show a profit of 20% on selling price.

- Q.4 (a)** Differentiate between periodic inventory system and perpetual inventory system **07**
- (b)** Vas Ltd. is engaged in the manufacture and sale of a consumer product. Its budget for the next year shows the following data: **07**

	Rs.
Selling price/unit:	20
Variable cost/unit:	15
Fixed costs:	Rs. 50,000

A research agency suggested that the firm shall increase its production and sale by 25% by reducing its selling price by 10%. However, the firm is working in its full capacity (and producing 20,000 units). In order to increase its production and sale, it has to expand its factory. The expansion would lead to an increase in the fixed by Rs. 25,000. You are required to advise the firm regarding the expansion.

OR

- Q.4 (a)** Explain the concept of Trend Analysis with the help of an example. **07**
- (b)** From the following particulars, calculate : **07**
 (a) P / V Ratio

- (b) Profit when sales are Rs. 40,000, and
(c) New break-even point if selling price is reduced by 10%
Fixed cost = Rs. 8,000
Break-even point = Rs. 20,000
Variable cost = Rs. 60 per unit

Q.5

CASE STUDY:

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

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

14

Required: Prepare the trading Profit and loss accounts for the year ended 31st 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

Q.5

The following is the summarized Balance sheet of Gamma Ltd. As on 31st March,2006 and 31st March,2007.

14

Liabilities	31/03/2006	31/03/2007	Assets	31/03/2006	31/03/2007
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			
	10,49,000	12,42,000		10,49,000	12,42,000

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.
