Seat No.: ________ Enrolment No.___________

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER - I – EXAMINATION – WINTER 2021

Subject Code: 4519201 **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.**

Q.1 Define the terms **14**

(a) Capital
(b) Debtor
(c) Working Capital
(d) Fixed Assets
(e) Trade Discount
(f) Accounts Payable
(g) Contingent Liability

Q.2 (a) State the difference between the Journal and Ledger. **07**

(b) Journalize the following transactions in the books of Mr. Ram for 2019: **07**

1. He installed machinery of Rs.20,000 and paid wages for installation Rs.2,000. The machinery was supplied by M/s. Surya Brothers.
2. He withdrew goods for personal use costing Rs.5,000 (Sales Value Rs.6,000).
3. He purchased goods of the invoice value of Rs.10,000 at 10% trade discount from Suresh.
4. Salaries Paid Rs.10,000 after deducting Rs.1,000 as income tax, Rs.1,500 as employee's share of provident fund but before employer's share of provident fund Rs.1,500.
5. Amount earlier due from Sidharth Rs.5,000 written-off as bad debts was now recovered in full.
6. Amount paid to Suresh Rs.8,500 in full settlement.
7. Income tax liability of Ram Rs.1,000 pad in cash.

OR

(b) Fast Company has purchased a plant to manufacture a new product, the cost data for which is given below: **07**

Estimated Annual Sales	24,000 units
Estimated Costs:	
Materials	Rs.4 per unit
Direct Labour	Rs.0.60 per unit
Factory Overheads	Rs.24,000 per year
Administration Overheads	Rs.28,800 per year
Selling Expenses	15% of Sales

Calculate the selling price if the profit per unit is Rs.1.02. Prepare the cost-sheet showing the break-up of the cost at each stage.

Q.3 (a) Explain any seven Generally Accepted Accounting Principles. **07**

(b) If an asset was purchased for Rs.50,000 on 1st January, 2005, what should be its book-value four years after if it was depreciated according to the following methods:1. Straight Line Method and 2. Written Down Value Method. A new machine costing Rs.10,000 was bought on 01/07/2008. The rate of depreciation is 10% per annum. Show your answer by a tabular ledger of Machinery Account incorporating both the methods in same ledger. **07**

OR

Q.3 (a) Write a short-note on Indian Financial Reporting Standard (IFRS). **07**

(b) The finished product of a manufacturing company passes through two processes, viz., I and II. The normal wastage in each process is 5% and 7% for Process-I and II respectively. The scrap generated out of wastage has a sales value of 70 paise per unit, **07**

80 paise per unit in the Process-I and II respectively. There was no stock of Work-in-progress in any process in a particular month. The details of cost data for the month are given below:

Particulars	Process-I	Process-II
Material Used (Rs.)	1,20,000	40,000
Direct Labour Cost (Rs.)	80,000	60,000
Production Expenses (Rs.)	40,000	40,000
Output in Units (Actual)	38,000	34,600

Process-I was fed with 40,000 units of raw input at cost of Rs.3,20,000. Prepare the Process-I and Process-II accounts.

Q.4 **(a)** Indicate any five circumstances under which you will allow to fix a price which is less than the marginal cost. **07**

(b) From the following data, calculate the cost of goods sold and closing inventory under First-in-First-Out (FIFO) and Weighted Average Cost Method (WAM) of inventory valuation. Also indicate which method shows higher valuation of Closing Stock. The opening stock in hand on 1st March was500 units @ Rs.10 per unit. **07**

(Purchase Price Per Unit)

Purchases		Issues	
3rd March	500 units @ Rs.11	2nd March	400 units
10th March	1,000 units @ Rs.12	9th March	500 units
18th March	600 units @Rs.10	16th March	900 units
24th March	500 units @ Rs.12	23rd March	500 units
30th March	400 units @ Rs.13	31st March	600 units

OR

Q.4 **(a)** Write a short-note on the classification of cost. **07**

(b) The sales and profit for two years are as below: **07**

Particulars	Sales (Rs.)	Profit (Rs.)
2011	1,50,000	20,000
2012	1,70,000	25,000

Calculate:

(a) P/V Ratio
(b) Fixed Cost
(c) BEP in Rs.
(d) Sales required to earn a profit of Rs.40,000
(e) Margin of Safety at a profit of Rs.1,25,000
(f) Profit made when sales are Rs.1,00,000
(g) Variable cost of the two years

Q.5 **(a)** Prepare a Cash-Flow Statement on the basis of the information given in the Balance-Sheet of Parth Ltd. **07**

Liabilities	2011	2012	Assets	2011	2012
Share Capital	2,00,000	2,50,000	Goodwill	10,000	2,000
12% Debentures	1,00,000	80,000	Land and Building	2,00,000	2,80,000
General Reserve	50,000	70,000	Machinery	1,00,000	1,30,000
Creditors	40,000	60,000	Debtors	40,000	60,000
Bills Payable	20,000	1,00,000	Stock	70,000	90,000
Outstanding Expense	25,000	20,000	Cash	15,000	18,000
Total	4,35,000	5,80,000	Total	4,35,000	5,80,000

(b) From the following ledger balances of Harshil Ltd. prepare the Balance-Sheet of the company as on 31st March, 2019 in vertical format. Also prepare the necessary schedule: **07**

Particulars	Rs.	Particulars	Rs.
Equity Share Capital	26,00,000	Advances to employees	1,50,000

General Reserve	30,000	Discount on issue of Debentures	12,500
12% Debentures	4,00,000	Tools and Equipments	3,75,000
Land and Building	15,54,970	Gratuity Fund	3,00,000
Goodwill	10,00,000	Debtors	1,38,520
Bank Overdraft	2,45,100	Cash at Bank	1,57,160
Proposed Dividend	82,000	Stores and Spares	1,77,800
Prepaid Insurance	25,000	Profit and Loss A/c (Cr.)	21,490
Mutual Fund	68,000	Bills Receivable	44,600
Pre-Paid Salary	1,00,000	Sundry Creditors	90,000
Interest Payable	32,400	Bills Payable	2,560

OR

Q.5 **(a)** From the following information extracted from the Balance Sheet of Good Luck Ltd for four previous financial years, calculate the trend percentages and interpret the result. **07**

Particulars	2005-06	2006-07	2007-08	2008-09
Assets:				
Land and Building	3000	3600	3600	3600
Plant and Machinery	6000	7200	7200	8400
Cash	600	720	1200	660
Bank	780	900	600	720
Debtors	1200	1800	3000	4800
Stock	2400	3600	5400	6000
Total	**13980**	**17820**	**21000**	**24180**
Liabilities:				
Equity Share Capital	5000	6000	6000	6000
Reserves and Surplus	4000	5080	7000	9180
Creditors	4000	5980	6000	5000
Bills Payable	980	760	2000	4000
Total	**13980**	**17820**	**21000**	**24180**

(b) From the following information relating to Wise Limited, you are required to prepare its summarized Balance-Sheet: **07**

(a) Current Ratio: 2.5:1
(b) Acid Test Ratio: 1.5:1
(c) Gross Profit/Sales Ratio: 0.2:1
(d) Net-Working Capital/Net Worth Ratio: 0.3:1
(e) Sales/Net Fixed Assets Ratio: 2.0:1
(f) Sales/Net-Worth Ratio: 1.5:1
(g) Sales/Debtors Ratio: 6.0:1
(h) Reserves/Capital Ratio:1.0:1
(i) Net-Worth/Long-Term Loan Ratio:20.0:1
(j) Stock Velocity: 2 Months
(k) Paid-up Share Capital: Rs.10,00,000.

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