Seat No.: _____ Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER 01– • EXAMINATION – SUMMER 2019

Subject Code: 4519201 **Date:14/05/2019**

Subject Name: Management Accounting

Time:02:30 PM To 05:30 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 Explain following terms in brief: **14**

a) State accounting process.
b) What is depreciation?
c) Explain how outstanding expenses are treated in final account?
d) Importance of Debtors turnover ratio and Creditors turnover ratio for an investor.
e) Rule of debit and credit
f) How cost accounting differ from managerial accounting?
g) FIFO and LIFO method of inventory valuation.

Q.2 **(a)** Give pro-forma of Corporate Profit and Loss Account and Corporate Balance sheet in Vertical format. **07**

(b) Enter the following transactions in the books of Supriya, the owner of the business. **07**

2018

January 1 Commenced business with cash of Rs. 50,000
January 8 Purchased goods worth Rs.5,000 from Sarita on credit.
January 12 Neha Purchased goods worth Rs.4,000 from Supriya on credit.
January 18 Received a Cheque from Neha in full settlement of her account Rs.3,850. Discount allowed to her Rs.150
January 20 Payment made to Sarita Rs.4,900. Discount allowed by him Rs.100.
January 22 Purchased goods for cash Rs.10,000.
January 29 Payment received from Kavita by Cheque.Rs 12000

OR

(b) What is Accounting? Explain giving examples various accounting concepts and conventions **07**

Q.3 **(a)** What is meant by Generally Accepted Accounting Principles (GAAP)? Differentiate between Indian GAAP and IFRS. **07**

(b) From the following Profit & Loss Account and Balance Sheet of S Limited, calculate following Ratios (1) Current Ratio (2) Liquid Ratio (3) Debt Equity Ratio (4) Proprietary Ratio (5) Gross Profit Ratio (6) Net Profit Ratio (7) Stock turnover. **07**

Profit & Loss Account for the year 31.03.2016

Particulars	Rs	Particulars	Rs.
To Opening Stock	90,000	By Sales	9,00,000
To Purchases	5,60,000	By Closing Stock	90,000
To Wages	2,14,000		
To Gross Profit	1,26,000		
	9,90,000		**9,90,000**
To Salaries	16,000	To Gross Profit	1,26,000
To Electricity	10,000		

To Misc. Expenses	10,000		
To Depreciation	30,000		
To Net Profit	60,000		
	1,26,000		**1,26,000**

Balance Sheet as on 31.03.2016

Liabilities	**Rs.**	**Assets**	**Rs.**
Equity Share Capital	1,80,000	Fixed Assets	3,90,000
Reserves and Surplus	1,20,000	Stock	90,000
Secured Loans	2,10,000	Debtors	1,05,000
Creditors	90,000	Cash	15,000
	6,00,000		**6,00,000**

OR

Q.3 (a) What is depreciation and why it is provided? Also explain written down value method of depreciation. **07**

(b) Suman company has the following inventory, purchases and sales data for August **07**

Inventory

Inventory on 01-Aug 100 units @ 5
Purchased on 05-Aug 600 units @6
Purchased 11-Aug 300 units @8
Purchased on 23-Aug 400 units @9
Sold on 09-Aug 400 units
Sold on 18-Aug 500 units
Sold on 28-Aug 200 units

The physical inventory count on 31 Aug shows 300 units on hand. Apply WAM of Inventory Valuation to compute the value of closing inventory.

Q.4 (a) A machine is purchased on 1st January 2017 for Rs 5,00,000.Expenses incurred on it is Rs 1,00,000. It has 5 years of useful life and residual value at the end of the life will be 1,00, 000.Calculate the amount of depreciated for first year ending December 31 2017 if it is purchased on (i) 1st January 2017 and (ii) 1st April 2017. **07**

(b) From the following information prepare a Process account, Abnormal loss account and Normal loss account. **07**

Input of raw material 950 units @ Rs 20 per unit.

Direct Material	Rs 3960
Direct Wages	Rs 6000
Production overheads	Rs 6000
Actual Output t/f to Process II	840 units
Normal loss	10%
Value of scrap per units:	Rs 8

OR

Q.4 (a) Write a note on CVP analysis. **07**

(b) Mr. A furnishes the following data relating to the manufacture of a standard product during the month if January 2016: **07**

Raw Material Purchased	Rs 15000
Opening Stock of Raw Material	Rs 4000
Closing Stock of Raw Material	Rs 5000
Direct Labour Cost	Rs 9000
Machine Hours Worked	900 hours
Machine Hour Rate	Rs 5
Carriage Inwards	Rs 1000

Administrative Overheads	20% on work cost
Selling Overheads	50 P. per unit sold
Unit Produced	17100
Opening Stock of Finished Products	2000 units @ Rs 1.50 per unit
Unit sold	16000 units
Selling Price per unit	Rs 4

You are required to prepare:

1) Cost Sheet
2) A statement showing profit for the period.

Q.5 From the following Ledger balance of Digital Co.Ltd, prepare a Balance Sheet of the company as on 31 st March 2018 as per Schedule VI of the Companies Act. **14**

Particulars	**Debit (Rs)**	**Particulars**	**Credit (Rs)**
Equipment	1,00,000	Plant	2,50,000
Furniture	50,000	FD with Bank of Baroda	1,25,000
8 % Debenture	1,00,000	Provision for taxation	45,000
Public Deposit	1,00,000	Loan from SBI	1,25,000
Provision for workmen compensation	32,500	Discount on issue of Debentures(unwritten off)	27,500
General Reserves	20,000	Bills Receivables	60,000
Cash at Bank	8,500	Bank overdraft	37,500
Equity Share Capital	3,00,000	Secured deposits	31,000
Creditors	29,000	Goodwill	45,000
Advance salary to staff	17,500		
Shares of TATA Co Ltd	49,500		
Commission Receivable	25,000		

OR

Q.5 From the following balance sheet and other information, prepared a cash flow statement for the year ended 31 March 2018(All figures are in Rs Million): **14**

Balance sheet as on	31/3/2018	31/3/2017
SOURCES OF FUNDS:		
Paid up share capital	300	250
Share Premium	50	0
General reserve	200	150
Profit& Loss Account	75	50
Loans	275	200
TOTAL SOURCES	900	650
APPLICATION OF FUNDS		
Gross block	900	700
Less: Accumulated Depn.	(425)	(350)
Net Block	475	350
Investments	100	150
Net current assets(excl.cash and bank balance)	250	100
Cash and bank balances	75	50
TOTAL APPLICATION	900	650

Other Information"

a. During 2017-18, investments were sold at a profit of Rs 25 million. There has been no fresh investment in 2017-18.
b. Interest paid and interest received during 2017-18 was Rs 25 million and Rs 10 million respectively.
c. During 2017-18, interim dividend of Rs 20 million was paid

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