

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA-SEMESTER-I-EXAMINATION- SUMMER-2024

Subject Code: 1519701**Date: 06/06/2024****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.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- Q1.** Define the terms **14**
- (a) Accrued Income
 - (b) Cost Center
 - (c) Depreciation
 - (d) Expense
 - (e) Marginal Cost
 - (f) Preference Share Capital
 - (g) Trend Analysis

- Q2.** (a) How does the management accounting help the company? Explain in detail. **07**
(b) State the difference between Financial Accounting and Cost Accounting. **07**

OR

- (b) 'Cost, Volume and Profit are interrelated'. Explain this statement with an appropriate example. **07**

- Q3.** (a) Prepare the stock register as per FIFO Method and LIFO for A Ltd. considering the following details. Identify the Cost of Goods Sold. **07**

Date	Particulars
01/01/2024	Opening Stock of 200 units @ Rs.60
05/01/2024	Purchased 500 units @ Rs.75
07/01/2024	Issued 300 units @ Rs.100
10/01/2024	Purchased 600 units @ Rs.80
15/01/2024	Purchased 400 units @ Rs.90
17/01/2024	Issued 800 units @Rs.125
20/01/2024	Issued 500 units @ Rs. 160

If the indirect expenses are Rs.12,000 and the selling and distribution expenses are Rs.22,000, then ascertain the net-profit from the above data. Prepare the P&L A/c.

- Q3.** (b) B Ltd a manufacturing company has shown the amount in its books as "Establishment" which really includes the following expenses: **07**

Sr. No.	Particulars	Rs.	Sr. No.	Particulars	Rs.
1	Agent's Commission	5,750	2	Warehouse Wages	1,800
3	Warehouse Repair	510	4	Lighting of Office	70
5	Office Salaries	1,130	6	Director's Remuneration	1,400
7	Travelling Expenses	760	8	Rent, Rates and Insurance of Warehouse	310
9	Rent, Rates and Insurance of Office	230	10	Lighting of Warehouse	270
11	Bad Debt	1,500	12	Donation	150
13	Cash Discount	100	14	Cash Discount Allowed	1,970

Classify which expenses would come under Selling, Distribution, Office and Administration, and which will not be the part of the Cost-Sheet.

OR

- Q3. (a)** Complete the following financial statement of ABC Ltd for the year ended 31st March 2017, from the information given below: **07**

Particulars	Rs.
Sales (20% on cash)	5,00,000
Less: Cost of Goods Sold	?
Gross Profit	?
Less: Operating Expenses	?
Net Profit Before Tax	?
Less: Tax @ 50%	?
Net Profit After Tax	?

Balance-Sheet of ABC Ltd, as on 31st March 2017

Liabilities	Rs.	Assets	Rs.
Share Capital	?	Fixed Assets	?
Net Profit after tax	?	Stock	?
Long Term Loans	1,00,000	Debtors	?
Creditors	?		
Total	?	Total	?

Additional Information:

- Gross Profit Ratio 25%
- Net Profit (after tax) Ratio 5%
- Current Ratio 2.25 times
- Stock Turnover Ratio 3 times
- Debtors Collection Period 3 months
- Fixed Assets Turnover Ratio 0.80

- Q3. (b)** Marshall Ltd purchased machinery worth Rs.3,25,000 and spent Rs.25,000 for installation on 1st January 2005. On 1st October 2006 they purchased another machine worth Rs.1,75,000. Depreciation is to be charged at 8% p.a. on every 31st of December under the Reducing Balance Method (RBM). Prepare Machinery A/c and Provision for Depreciation A/c and Depreciation A/c for the year 2005 to 2007. **07**
- Q4. (a)** Write a short note on the Basics of IFRS and Indian Accounting Standards. **07**
- Q4. (b)** Prepare the Cash Flow Statement for 2006 from the comparative Balance Sheet of Manavasi Ltd. **07**

Liabilities	Rs. (2005)	Rs. (2006)	Assets	Rs. (2005)	Rs. (2006)
Equity Share Capital	2,50,000	3,25,000	Fixed Assets	2,00,000	2,50,000
General Reserves	50,000	75,000	Depreciation Written off		(25,000)
Profit and Loss A/c	25,000	75,000	Investment	50,000	50,000
7% Debentures	1,00,000	1,00,000	Stock	1,00,000	1,25,000
Creditors	1,00,000	1,00,000	Debtors	1,00,000	1,50,000
Proposed Dividend	25,000	32,500	Cash	75,000	1,5,500
			Miscellaneous Expenses	25,000	
Total	5,50,000	7,07,500	Total	5,50,000	7,07,500

OR

- Q4. (a)** Write a short note on any seven major Accounting concepts, with appropriate examples. **07**
- Q4. (b)** Journalize the following transactions in the books of Creative Ltd, a company engaged in the interior decoration service. **07**
- Billed the customer for Rs.1,00,000 towards the service provided to the client.
 - Received in cash, an advance from the customer Rs.2,00,000. Services are yet to be provided.
 - Provide the electricity bill of Rs.5,000.

4. Purchased material on credit worth Rs. 50,000.
5. Interest on Fixed Deposit Rs.8,000 is due, but not received,
6. Provide depreciation on the machine worth Rs. 9,500.
7. Installed new AC in the office and paid the installation charges of Rs.3,500.

- Q5. (a)** Explain the import and export decision that a company has to take, based on the Marginal Cost aspect, with appropriate example. **07**
- (b)** What do you mean by Process Costing? In what type of industries process costing is used? **07**

OR

- Q5. (a)** From the data of C Ltd. prepare the vertical Balance Sheet. Notes should be the part of the answer. **07**

Balance Sheet Items	Rs.	Balance Sheet Items	Rs.
Bank Balance	60,000	Land and Building	8,00,000
Bank of Baroda's Term Loan	1,00,000	Loan from Relatives for more than 1 year	60,000
Bills Payable	8,000	Outstanding Interest	28,000
Bills Receivables	95,000	Patents	6,000
Cash Balance	1,00,000	Plant and Machinery	1,00,000
Creditors	25,000	Preference Share Capital	3,00,000
Debtors	89,000	Pre-Paid Salary	45,000
Deferred Tax Asset	8,000	Pre-received Commission	6,000
Equity Share Capital	10,00,000	Profit and Loss A/c (Cr. Balance)	20,000
General Reserve	50,000	Provision for Dividend on Equity Share Capital	5,000
Goodwill	2,000	Provision for Dividend on Preference Share Capital	1,000
Indus Ind Bank's Overdraft	50000	Rent due but not paid	2,000
Investment in Debentures maturing in 6 months	30,000	Stock	2,75,000
Investment in FD maturing in 1 Year	19,000	Working Capital Loan from ICICI Bank	90,000
Investments in Kotak Mutual Fund	60,000	---	---

- Q5. (b)** Describe in detail the classification of cost. **07**
