

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA-SEMESTER-I-EXAMINATION-SUMMER-2025

Subject Code: 4519201**Date: 29/05/2025****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.

Q.1 Explain the terms: **14**

1. Cost Centre
2. Deadstock
3. Liabilities
4. Livestock
5. Normal Loss
6. Preference Share Capital
7. Subscribed Capital

Q.2 (a) State the difference between Financial Accounting and Cost Accounting. **07****(b)** Pass the Journal Entries in the books of M/s. Earth Ltd. **07**

- 01/03/2023 Took a bank loan of Rs.10,00,000, amount was transferred in the bank account.
- 03/03/2023 Bought land and building worth Rs.4,00,000, amount paid by cheque.
- 05/03/2023 Amount not recovered from debtors Rs.60,000.
- 08/03/2023 Sold furniture of Rs.60,000 for Rs.40,000, amount received by cheque.
- 09/03/2023 Received a cheque of Rs.90,000 in full settlement from a debtor who owed Rs.90,300.
- 11/03/2023 Paid interest on loan Rs.2,15,000, via cheque.
- 15/03/2023 Salary due but not paid to the employees Rs.2,00,000.

OR**(b)** Accounting information is useful to many stakeholders. Comment. **07****Q.3 (a)** Aappu and Jappu Textiles wants you to calculate the value of his ending inventory as per LIFO Method, based on the following information: **07**

01/04/2006	Opening Stock	400 pieces at Rs.40 per piece.
05/04/2006	Purchases	50 pieces at Rs.44 per piece.
20/04/2006	Sales	300 pieces at Rs.90 per piece.
25/04/2006	Purchases	100 pieces at Rs.64 per piece.
28/04/2006	Sales	50 pieces at Rs.60 per piece.
29/04/2006	Sales	100 pieces at Rs.70 per piece.
30/04/2006	Purchases	100 pieces at Rs.46 per piece.

And also prepare the Profit and Loss Account.

(b) Provide a basic overview of Indian Accounting Standard (Ind.AS). **07**

OR

- Q.3 (a)** On 1st October, 2010 M/s. Goyal Traders, installed one machine in their shop at a total cost of Rs.1,50,000. On 1st April, 2012 another machine of the cost of Rs.50,000 was installed. Depreciation is charged at 10% p.a. on the reduced balances every year. Accounts are closed on every 31st March. Prepare machine account for first three years. Based on your theoretical understandings, Which method is best suitable if the objective of the company is to pay less tax? Which method is best suitable if the objective of the company is to show higher value of the assets? **07**
- (b)** Accounting Concepts are useful in writing the books of the accounts. Explain the statement in detail, with appropriate example. **07**

- Q.4 (a)** The following information relates to a commodity for the half year ended 30th June 2010: **07**

Particulars	Rs.
Purchase of raw materials	₹1,32,000
Direct wages	₹1,10,000
Rent, rates, insurance & works on cost	₹44,000
Carriage inward	₹1,584
Stock on 1 st January 2010	
Raw materials	₹22,000
Finished products (1,600 Tonnes)	₹17,600
Stock on 30 June 2010	
Raw materials	₹24,464
Finished products (3,200 Tonnes)	---
Work-in-progress 1 January 2010	₹5,280
Work-in-progress 30 June 2010	₹17,600
Cost of factory supervision	₹8,800
Sales of finished products	₹3,30,000

Advertising, discounts allowed and selling cost 75 paise per tonne sold. 25,600 Tonnes of commodity was produced during the period. You are required to prepare a cost statement showing the cost and profit.

- (b)** From the following information, find out the values for the following items, and prepare the balance-sheet. **07**
- Current Assets
 - Current Liabilities
 - Liquid Assets
 - Proprietor's Funds
 - Share Capital
 - Fixed Assets
 - Stock-in-trade

Information: (i) Current ratio 2.5; (ii) Liquid ratio 1.5; (iii) Proprietary ratio (fixed assets / proprietary funds) 0.75; (iv) Working Capital ₹60,000; (v) Reserves & surplus 40,000; and (vi) Bank Overdraft ₹10,000. There is no long-term loan or fictitious asset.

OR

- Q.4 (a)** The product of a manufacturing concern passes through two Processes A & B **07**

and then to finished stock. It is ascertained that in each process, normally 5% of the total weight is lost and 10% is scrap which from Processes A and B realizes ₹80 per tonne and ₹200 per tonne respectively. The following are the figures relating to both the processes:

Particulars	Process A	Process B
Materials in tonnes	1,000	70
Cost of materials in Rupees per tonne	125	200
Wages in rupees	28,000	10,000
Manufacturing expenses rupees	8,000	5,250
Output in tonnes	830	780

Prepare Process Accounts showing cost per tonne of each process. There was no stock of work-in-progress in any process.

- (b) From the following details relating to the accounts of Grow More Ltd. Prepare cash flow Statement: **07**

Liabilities	31-03-2012	31-03-2011	Assets	31-03-2012	31-03-2011
Share Capital	10,00,000	8,00,000	Plant & Machinery	7,00,000	5,00,000
Reserve	2,00,000	1,50,000	Land & Building	6,00,000	4,00,000
Profit & Loss A/c	1,00,000	60,000	Investment	1,00,000	--
Debenture	2,00,000	--	Sundry Debtors	5,00,000	7,00,000
Provision for taxation	1,00,000	70,000	Stock	4,00,000	2,00,000
Proposed dividend	2,00,000	1,00,000	Cash in hand/bank	2,00,000	2,00,000
Sundry Creditors	7,00,000	8,20,000			
Total	25,00,000	20,00,000	Total	25,00,000	20,00,000

Additional Information is as follows:

- Depreciation @ 25% was charge on the opening value of Plant and Machinery.
- During the year one old machine costing ₹50000 (WDV ₹20000) was sold for ₹35000.
- ₹50000 was paid towards Income Tax during the year
- Building under construction was not subject to any depreciation.

Prepare Cash flow statement as per AS-3 (revised) indirect method.

- Q.5** (a) Write a short note on Common Size Statement. **07**
 (b) Using the imaginary numbers draw the vertical balance sheet of a company. **07**

OR

- Q.5 (a)** Samson & Co. annually manufactures 10000 units of a product at a cost of ₹4 per unit. There is home market for consuming the entire volume of production at the sale price of ₹4.25 per unit. In the next year, there is a fall in the demand for home market which can consume 10,000 units only at a sale price of ₹3.72 per unit. The analysis of the cost per 10,000 units is: **07**

Material	₹15,000
Fixed Overheads	₹8,000
Wages	₹11,000
Variable overheads	₹6,000

The foreign market is explored and it is found that this market can consume 20,000 units of the product if offered at a sale of ₹3.55 per unit. It is also discovered that for additional 10,000 units of the product (over initial 10,000 units) the fixed overheads will increase by 10%. It is worthwhile to try to capture the foreign market?

- (b)** The trading result of PJ Ltd for the two years have been: **07**

Year	Sales ₹	Profit ₹
2011	5,40,000	12,000
2012	6,00,000	30,000

Calculate:

- P/V ratio;
- Fixed costs;
- Break-even sales;
- Margin of safety at a profit of ₹48,000; and
- Variable costs during the two years.