

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

**Subject Code:1519701****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** Answer the following in brief. **14**
- (a) GAAP  
(b) Perpetual Vs. Periodic Inventory valuation  
(c) Fictitious Assets  
(d) Sunk cost  
(e) Normal Vs. Abnormal loss  
(f) Trend Analysis  
(g) Trial Balance
- Q – 2 (A)** Who are the users of accounting information, and why do the users need accounting information? **7**
- Q – 2 (B)** Explain the objectives and tools of Financial Statement Analysis. **7**
- OR**
- Q – 2 (B)** Write a brief note on the IFRS and its need in present business environment. **7**
- Q – 3 (A)** The financial statements of Santa Corporation are as follows. Prepare common-size balance sheet and interpret the same. **7**

PARTICULARS	2014	2013
<b>SHAREHOLDER'S FUNDS</b>		
Share Capital	25,000	25,000
Reserve & Surplus	11,800	8,600
	36,800	33,600
<b>LIABILITIES</b>		
Secured Loans	9,000	8,000
Unsecured Loans	3,000	1,000
Current Liabilities	23,300	17,100
	35,300	26,100
Total equities and liabilities	72,100	59,700
<b>ASSETS</b>		
Fixed Assets	32,200	26,500
Investments	2,800	4,300
Inventories	10,600	4,900
Debtors	20,900	15,600
Cash	4,400	7,000
Other current assets	1,200	1,400
Total assets	72,100	59,700

- Q – 3 (B)** Differentiate between financial, cost and management accounting. **7**

**OR**

- Q – 3 (A)** Journalize the following transactions. 7
1. Paid rent for the building Rs. 12,000 half of the building is used by the proprietor the personal use.
  2. Paid fire insurance of the above building in advance Rs. 1,000.
  3. Paid life insurance premium Rs. 2,000.
  4. Charge depreciation on furniture @ 10% p.a. for one month (furniture Rs. 12,000).
  5. Bought goods of the list price of Rs. 1,25,000 from Mohan less 20% trade discount and 2% cash discount and paid 40% by cheque.
  6. Sold goods costing Rs. 40,000 to Anil at a profit 20% on sales less 20% trade discount and charged 8% sales tax and paid cartage Rs. 100 (to be charged from customer)

**Q – 3 (B)** Elaborate the process and accounting treatment for the change in Depreciation policy. 7

**Q – 4 (A)** X ltd. purchased a second hand machine on 1 January 2001 for Rs. 37,000 and immediately spent Rs. 2,000 on its repairs and Rs. 1,000 on erection. On 1 July 2002, it purchased another machine for Rs. 10,000 and on 1 July 2003 sold off the first machine purchased on 1 January 2001 for Rs. 28,000. On the same day, it purchased a machine for Rs. 25,000. On 1 July 2004 the second machine purchased for Rs. 10,000 was also sold off at Rs. 2,000. Depreciation was provided on the machine at the rate of 10% on the original cost annually on 31 December. The company follows the year end at December. Prepare Machine account for four years. 7

**Q – 4 (B)** The following transactions of receipts and issue of item “EXE” took place during September, 2012. Prepare Stock Register Card or Stores Ledger (Perpetual) on FIFO, and LIFO method of inventory valuation. 7

September	Product K	Units	Price per unit
3rd	Purchase	200	50
6th	Purchase	150	56
10th	Issue	250	---
14th	Issue	60	---
20th	Purchase	340	58
24th	Issue	225	---

**OR**

**Q – 4 (A)** From the Following information, calculate: 7

- (i) Break Even point Expressed in terms of sales in Rupees and Units
- (ii) Number of units that must be sold to earn a Profit of Rs. 60000 per year.
- (iii) If the Sales Price reduced by 10% what will be new P/V Ratio.

Particulars	Amount (Rs.)
Sales Price	20 per unit
Variable Manufacturing cost	11 per unit
Variable Selling cost	3 per unit
Fixed Factory overhead	540000 per year
Fixed Administrative Cost	252000 per year

**Q – 4 (B)** Mr. Raj furnishes the following data relating to the manufacture of product during the month of June 2017. 7

Raw material consumed	Rs. 15000
Direct labour charges	Rs. 9000
Machine hours worked	900
Machine hour rate	Rs. 5
Administrative overheads	20% on work cost
Selling overheads	Rs. 0.50 per unit
Units produced	17100
Units sold	16000 @ Rs. 4 per unit

You are required to prepare i. Cost-sheet ii. Calculate cost per unit.

**Q – 5** A product is finally obtained after it passes through three distinct processes. The following information is available from the cost records. **14**

	Process I	Process II	Process III	Total
	Rs.	Rs.	Rs.	Rs.
Materials	2600	2000	1025	5625
Direct wages	2250	3680	1400	7330
Production overheads	---	---	---	7330

500units @ Rs. 4 per unit were introduced in process I. Production overheads are absorbed as a percentage of direct wages.

The actual output and normal loss of the respective processes are given below:

	Output (units)	Normal loss as a percentage of input	Value of scrap (per unit)
Process I	450	10%	Rs. 2
Process II	340	20%	Rs. 4
Process III	270	25%	Rs. 5

Prepare the process accounts and the abnormal gain/ loss accounts.

**OR**

**Q – 5** From the following information, prepare balance sheet in as much detail as possible. **14**

Paid up share capital	= Rs. 50,000/-
Plant & Machinery	= Rs. 1,25,000/-
Total Sales	= Rs. 5,00,000/-
Sales Return	= 20% of Sales
Gross Profit	= 25% of Sales
Credit Sales	= 80% of Net sales
Current Ratio	= 2
Inventory turnover	= 4 times
Fixed Assets turnover	= 2 times
Average Collection Period	= 73 days
Bank Credit to Current liability	= 70%
Cash to Inventory	= 1/5
Total Debt to Current Liability	= 3 times
Creditors to Current Liability	= 30%

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