

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA– SEMESTER –II-EXAMINATION – WINTER-2023

Subject Code:1529502**Date: 12-01-2024****Subject Name: Management Accounting and Costing****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. No.	Question Text and Description	Marks
Q.1	Define the following:	14
	a. Expired Cost	
	b. EOQ	
	c. CVP	
	d. Kaizen	
	e. By Product	
	f. Tender Costing	
	g. WAM	
Q.2	(a) Explain meaning, Scope & Objective of Management Accounting.	07
	(b) Differentiate Management Accounting & Cost Accounting.	07
OR		
	(b) Explain the role of Cost & Management Accounting in decision making.	07
Q.3	(a) Explain the techniques of Strategic Management Accounting.	07
	(b) Prepare a Cost-Sheet for the year ended 31.12.2018 for M/s. Karan Enterprise Ltd.	07

Particulars	Rs.
Stock of finished goods (01.01.2018)	6,000
Stock of raw-materials (01.01.2018)	40,000
Work-in-Progress (01.01.2018)	15,000
Purchase of raw materials	4,75,000
Carriage Inwards	12,500
Factory rent and taxes	7,250
Other production expenses	43,000
Stock of Goods (31.12.2018)	15,000
Wages	1,75,000
Work Manager's Salary	30,000
Factory Employees' Salary	60,000
Power Expenses	9,500
General Expenses	32,500
Sales for the year	8,60,000
Stock of raw materials (31.12.2018)	50,000
Work-in-Progress (31.12.2018)	10,000

OR

Q.3	(a) Briefly explain Cost accounting standards.	07
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- (b) Kareena Corporation produces Small Toy named “Spiderman” and it’s obtained after three distinct processes. The following information is available for the month of March, 2012:

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Particulars	Total	Processes		
		I	II	III
Material Consumed	22,626	7,800	5,940	8,886
Direct Labor	27,000	6,000	9,000	12,000
Production Overheads	27,000	—	—	—

3000 units of Raw Material at Rs.3 per unit were introduced in Process I. The actual output and normal loss of the respective processes are:

Processes	Output in Units	Normal Loss on Inputs	Value of Scrap per unit (Rs.)
Process I	2850	5%	2
Process II	2520	10%	4
Process III	2250	15%	5

There is no stock or work-in-progress in any process. You are required to prepare Process A/c of all three processes and Normal Loss A/c.

- Q.4** (a) Write a note on Budgeting & Budgetary control systems.
 (b) The following is the information of Usha Ltd.

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Year	Sales (Rs.)	Profit (Rs.)
2019-20	2,00,000	20,000
2020-21	2,40,000	28,000

Find Out

1. P/V. Ratio
2. Fixed Cost
3. B.E.P (Rs)
4. Figure of Profit when sales are of Rs. 3,00,000
5. Figure of Margin of Safety when sales are of Rs. 4,00,000
6. Figure of sales to earn a profit of Rs. 1,50,000
7. Figure of sales at a loss of Rs. 2,00,000

OR

- Q.4** (a) How Inventory can be managed efficiently & effectively. Explain.
 (b) The Fair Deal Granary was not maintaining a perpetual inventory system for its stocks unit recently. Only physical inventory was taken at the end of each month. The physical inventory at the end of December 2007 showed 200 kgs of fine rice at Rs.212.25 per bag. The following purchases were made in January, 2008:

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3 rd January	400 bags at Rs.218.00 per bag
10 th January	900 bags at Rs.223.50 per bag
15 th January	400 bags at Rs.220.00 per bag
28 th January	700 bags at Rs.213.00 per bag
30 th January	300 bags at Rs.224.00 per bag

On 31st January, 2008 the physical stock was 1,200 bags. You are required to calculate the value of the closing stock on 31st January, 2008 according to Last In-First-Out (LIFO) and Weighted Average Cost Method (WAM). Valuation of closing stock is highest under which method.

Q.5

A company operates a hotel. It is spread over six floors of a building excluding the ground floor with a restaurant in the sixth floor. On the ground floor, the hotel operates a sports center including a swimming pool and a shopping arcade.

The hotel has a capacity of 100 single rooms and 20 double rooms. The average occupancy of both single and double rooms is expected to be 80% throughout the year of 365 days. The rent for double room has been fixed at 125% of the rent of a single room. Cost are as under:

Variable Costs: Single rooms ₹ 220 each a day.

Double rooms ₹ 350 each a day.

Fixed Costs: Single rooms ₹ 120 each a day.

Double rooms ₹ 250 each a day.

The income and costs relating to the service centers are as under:

Restaurant:

Estimated average sales per day ₹ 25000

Contribution 30% of sales

Fixed costs Rs. 800000 per annum.

Sports center:

Average number of persons expected to use the center per day is 50.

Average contribution per day per person is Rs. 15.

Fixed costs Rs. 400000 per annum

Shopping arcade:

Average contribution per month is Rs. 35000

Fixed costs Rs. 400000 per annum.

- (a) Calculate the rent chargeable for single and double rooms per day in such a way that the hotel earns a margin of safety of 20% on hiring of rooms. **07**
- (b) The hotel wants to reserve the normal occupancy of ten single rooms for its regular customer by allowing a discount of 10% on room rent. What increase in occupancy ratio is required in respect of the remaining rooms to earn the total profit of above 50 lakhs? **07**

OR

- Q.5** (a) Evaluate the profitability of the three services centers and work for the total profit of the hotel per annum based on the rent of Rs. 460 per day for single room and Rs. 575 per day for double room. **07**
- (b) An associate company wishes to take the entire complex hotel on lease for a total rent of Rs. 175 lacs for five years. The associate company is prepared to pay the entire lease rent in advance. Taking the capital recovery factor for 10% of return for 5 years at 3.79, advise the management of the hotel company whether or not leasing arrangement should be entered into. **07**
