

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

**Subject Code:4519201****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 Explain the terms:****14**

- a. Variable Cost
- b. Abnormal loss
- c. Real account with the help of example
- d. Inventory
- e. Written down value method of Depreciation
- f. Fictitious Assets
- g. Ledger Posting

**Q. 2 (a) Explain various accounting concepts and conventions.****07****Q.2 (b) State the difference between the Financial Accounting and Cost Accounting.****07**

**OR**

**Q. 2 (b)** The following information is available for Jhankar Beats Ltd. Pass the necessary journal entries in the books of the company for the month of March 2022:

2-03-2022: Brought additional capital in the business of Rs. 2,00,000

5-03-2022: Purchase goods from Rakesh Rs. 50,000

10-03-22: Paid wages for erection of Machine Rs. 5,000

15-03-22: Sold goods worth Rs. 90,000 to Karan @ 10% trade discount and 5 % cash discount

17-03-22: Paid Rs. 49,000 in full settlement of Rakesh's A/c of Rs. 50,000

21-03-22: Goods stolen worth Rs. 10,000

26-03-22: Interest received Rs. 1,000

**07**

**Q. 3 (a)** “As per the revised Accounting Standard – 2 issued by ICAI, FIFO & WAC methods are recognized methods for inventory valuation”. Explain the FIFO & WAC methods of inventory valuation.

**07**

**Q. 3 (b)** From the given particulars of J.K Enterprise Ltd. as at March 31, 2021, prepare balance sheet in accordance to the (revised) Schedule VI:

**07**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Preliminary expenses	2,40,000	Goodwill	30,000
Discount on Issue of shares	20,000	Loose Tools	12,000
10% Debentures	2,00,000	Motor vehicles	4,75,000
Stock in trade	1,40,000	Provision for tax	16,000
Cash at bank	1,35,000		
Bills receivables	1,20,000		

**OR**

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

**07**

**Q. 3 (b)** Apsara Papers Ltd. provides you the following information:

1.1.2022	Opening stock 100 units @ Re. 1,
5.1.2022	Purchased 400 units @ Rs. 1.50,
8.1.2022	Issued 450 units,
12.1.2022	Purchased 500 units @ Rs. 2.06
15.1.2022	Issued 300 units

Find out the value of the stock on 31.12.2022 as per FIFO Method.

**07**

**Q. 4 (a)** What is Marginal costing? Explain CVP analysis and its relevance.

**07**

**Q. 4 (b)** Rainbow Ltd. manufactures and sells three chemicals produced by consecutive processes known as 1, 2 and 3. In each process 2% of the total weight put in is lost and 10% is scrap, which from processes 1 and 2 realised Rs. 100 a tonne and from 3 Rs. 200 a tonne. The products of the three processes are dealt with as follows:

Particulars	1	2	3
Sent to warehouse for sale	25%	50%	100%
Passed on the next process	75%	50%	-
The following particulars relate to the month of May:			
Materials used (tonnes)	1000	140	1348
Cost per tonne of material (Rs.)	120	200	80
Manufacturing expense (Rs.)	30,800	25,760	18,100

Prepare an account for each process, showing the cost per tonne of each product. **07**

**OR**

**Q. 4 (a)** Write a short-note on Classification of Cost. **07**

**Q. 4 (b)** Determine the sales of a firm with the following information:

Current Ratio – 1.5, Acid test ratio – 1.2, Current liabilities – 8,00,000, Inventory turnover ratio – 5 times. **07**

**Q 5.** The following is the Trial balance of Narayana Industries Ltd. as on 31<sup>st</sup> March, 2022:

Particulars	Amount (Debit)	Amount (Credit)
Stock, 1 <sup>st</sup> April 2021	6,75,000	
Sales		30,60,000
Wages	2,70,000	
Share Capital (Authorised capital 2,00,000 shares of Rs. 10 each)		9,00,000
Discount		27,000
Purchases	22,05,000	
Carriage Inwards	8550	
Purchase returns		90,000
Patents & trademarks	43,200	
Salaries	67,500	
Bills receivable	45,000	
Sundry expenses	63,450	
Bills payable		63,000
Rent	36,000	
Debtors & Creditors	2,47,500	1,57,500
Plant & Machinery	2,61,000	
Furniture & Fittings	1,53,000	
Cash at bank	4,15,800	
General reserve		1,39,500
Profit & Loss account, 31 <sup>st</sup> March, 2021		54,000
	<b>44,91,000</b>	<b>44,91,000</b>

**Adjustments:**

1. Outstanding rent amounted to Rs. 7200 and outstanding salaries Rs. 8100 at the end of the year.
2. Make a provision for doubtful debts amounted to Rs. 4590
3. Stock on 31<sup>st</sup> March 2022 was valued at Rs. 7,92,000
4. Depreciate plant & machinery @14% and furniture & fittings @18%
5. Amortise patents & trademarks @5%
6. Provide for managerial remuneration @10% of the net profits before tax
7. Make a provision for income tax @35%
8. The Board of Directors proposes a dividend @10% for the year ended 31<sup>st</sup> March 2022 after General Reserve @5% of profit after tax

