

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA-SEMESTER-I-EXAMINATION-WINTER-2024****Subject Code: 1519701****Date: 09/01/2025****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**
1. Bad Debts Recovered
 2. Calls-In-Arrears
 3. Cost Object
 4. Goods
 5. Ledger
 6. Opening Stock
 7. Shares at Premium
- Q.2** (a) Differentiate between Financial Accounting Vs. Management Accounting. **07**
- (b) Pass the Journal Entries in the books of M/s. Sun Ltd. **07**
- 01/03/2021 Issued Equity share capital of Rs.10,00,000.
 - 03/03/2021 Bought office equipment worth Rs.4,00,000, amount paid by cheque.
 - 05/03/2021 Purchased goods on credit of Rs.1,00,000.
 - 08/03/2021 Sold goods of Rs.15,00,000 and amount received through RTGS.
 - 09/03/2021 Paid Salary of Rs.3,50,000 through bank transfer.
 - 11/03/2021 Returned the goods of Rs.65,000 to Mr. A.
 - 15/03/2021 Electricity Bill of Rs.2,00,000 received, but the amount yet to be paid.
- OR**
- (b) Marginal Costing rewards sales and Absorption Costing rewards production. Comment. **07**
- Q.3** (a) Consider a small retail store Fast Communications that sells only one type of smartphones. **07**
The purchase price and the sales price are mentioned in '000 (thousands). The store has an opening inventory of 50 smartphones, costing Rs.10 each.
During the month, the store makes the following transactions:
1. 1st March: Purchased 100 smartphones at Rs. 12 each
 2. 10th March: Sold 80 smartphones at Rs.15 each.
 3. 15th March: Purchased 50 smartphones at Rs.17 each.
 4. 19th March: Sold 90 smartphones at Rs.20 each.
 5. 25th March: Purchased 70 smartphones at Rs.22 each.
 6. 30th March: Sold 100 smartphones at Rs.25 each.
- Calculate the value of ending inventory, if any, using FIFO Method, and also compute the profit.
- (b) Write a short note on IFRS. **07**
- OR**
- Q.3** (a) Thaper Oil and Fats limited purchased furniture on 1st January, 2011 for the office amounting **07**
to Rs.12,500. The company wanted to charge depreciation at 10% p.a. Prepare furniture

account for three years when depreciation is charged on original cost method and if it is charged on reducing balance method. Consider calendar year i.e. December end as the year end for the company. Round-off the decimal values if any. 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? Comment in the light of the computation made.

- (b) Accounting is a science. Explain the statement in the light of the Accounting Concepts. 07

- Q.4 (a)** Pee Co. manufactures two types of pens P and Q. The cost date for the year ended 30 September 2010 is as follows: 07

Direct materials	₹4,00,000
Direct wages	₹2,24,000
Production overheads	₹96,000
Total	₹7,20,000

It is further ascertained that:

- Direct materials in type P cost twice as much direct material in type Q.
- Direct wages for type Q were 60% of those for type P.
- Production overhead cost was same for both types.
- Administration overheads for each were 200 of direct labour.
- Selling costs were 50 paise per pen sold for both types
- Production during the year:

Type P	₹40,000
Type Q	₹1,20,000

- g) Sales during the year:

Type P	₹36,000
Type Q	₹1,00,000

Selling prices were ₹14 per pen for type P & ₹10 per pen for type Q.

Prepare a statement showing per unit Cost of production, Total Cost, profit and also the Total Sales Value separately, for two types of pens P & Q.

- (b) The following Trading and Profit and Loss Account is given. Interpret the ratios assuming that the industry standard for every ratio is more than the company's ratio. 07

Trading and Profit and Loss Account for the year ending 31 December 2012:

Particulars	Rs.	Particulars	Rs.
To Opening Stock	76,250	By Sales	5,00,000
To Purchases	3,15,250	By Closing Stock	98,500
To Carriage	2,000		
To Wages	5,000		
Particulars	Rs.	Particulars	Rs.
To Gross Profit	2,00,000		
Total	5,98,500	Total	5,98,500
To Administrative Exp.	1,00,000	By Gross Profit	2,00,000
To Selling and Dist. Exp.	13,000	By Non-Operating Incomes	6,000
To Finance Exp.	7,000		
To Other Non-Operating Exp.	2,000		
To Net profit	84,000		
Total	2,06,000	Total	2,06,000

Calculate: (a) Gross Profit ratio (b) Net Profit ratio (c) Operating ratio (d) Operating Profit ratio (e) Stock turnover ratio

OR

- Q.4 (a)** A product is finally obtained after it passes through three distinct processes. The following information is available from the cost records. **07**

Particulars	Process I (Rs.)	Process II	Process III	Total
Materials	2,600	2,000	1,025	5,625
Direct wages	2,250	3,680	1,400	7,330
Production overheads	---	---	---	7,330

500 units @ ₹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:

Particulars	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 account.

- (b)** From the following Balance sheets of ABX Company Ltd., as on December 2011 and 2012, you are required to prepare a Cash Flow Statement for the year ended 31 December 2012. **07**

Liabilities	2011 (₹)	2012 (₹)	Assets	2011 (₹)	2012 (₹)
Share Capital	1,00,000	1,00,000	Good will	12,000	12,000
General Reserve	14,000	18,000	Building	40,000	36,000
Profit & Loss	16,000	13,000	Plant	37,000	36,000
Sundry Creditors	8,000	5,400	Investments	10,000	11,000
Bills Payable	1,200	800	Stock	30,000	23,400
Provision for taxation	16,000	18,000	Bill Receivable	2,000	3,200
Provision for doubtful debt	400	600	Debtors (Good)	18,000	19,000
			Cash at Bank	6,600	15,200
Liabilities	2011 (₹)	2012 (₹)	Assets	2011 (₹)	2012 (₹)
Total	1,55,600	1,55,800	Total	1,55,600	1,55,800

Additional Information:

- Depreciation charged to plant ₹4000 and to building ₹4000.
- Provision for taxation of ₹19000 was made during the year 2012.

- Q.5 (a)** Write a short note on Du Pont Analysis. **07**
- (b)** Outline the detailed format of the vertical Balance-Sheet. **07**

OR

- Q.5 (a)** M Ltd has planned its level of production at 50% of his plant capacity of 30,000 units. At 50% of the capacity his expenses are as follows: **07**

Particulars	Rs.
Direct material	8,280
Direct labour	11,160
Variable manufacturing expenses	3,960
Fixed manufacturing expenses	6,000

The home selling price is ₹2 per unit. Now the company has received a trade enquiry from overseas for 6,000 units at a price of ₹1.45 per unit. If you were the manager of the company, would you accept or reject the offer. Support your answer with suitable cost & profit details.

- (b) A company budget for a production of 1,50,000 units. The variable cost per unit is ₹14 and the Fixed cost is ₹2 per unit. The company fixes its selling price to fetch a profit of 15% on cost. **07**
- a) What is the break-even point?
 - b) What is the profit-volume ratio?
 - c) If it reduces its selling price by 5%, how does the revised selling price affect the break even point and the profit volume ratio?
 - d) If a profit increase of 10% is desired more than the budget, what should be the sales at the reduced prices?
