

Seat No.: \_\_\_\_\_

Enrolment No. \_\_\_\_\_

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA (PART TIME)– SEMESTER 1– EXAMINATION – SUMMER 2019**

**Subject Code: 4519904**

**Date: 21/05/2019**

**Subject Name: Management Accounting (MA)**

**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.

| Q. No.                                                                                                                                                                                                                                                                                                                                                                                  | Question Text and Description                                                                                                                                                                                                                                                                                                                                                                                           | Marks    |                  |                       |          |            |           |            |          |            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------|-----------------------|----------|------------|-----------|------------|----------|------------|
| Q.1                                                                                                                                                                                                                                                                                                                                                                                     | Definitions / terms / explanations / short questions based on concepts of theory/practical<br>(a) What do you mean by management accounting?<br>(b) Explain accrual basis of accounting with example.<br>(c) Explain money measurement concept.<br>(d) Explain fixed cost with appropriate example.<br>(e) Explain net profit ratio.<br>(f) Explain meaning and features of GAAP.<br>(g) Describe make or buy decision. | 14       |                  |                       |          |            |           |            |          |            |
| Q.2                                                                                                                                                                                                                                                                                                                                                                                     | (a) Differentiate between financial accounting and cost accounting.<br>(b) Explain horizontal analysis of income statement with hypothetical example.                                                                                                                                                                                                                                                                   | 07<br>07 |                  |                       |          |            |           |            |          |            |
| OR                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                         |          |                  |                       |          |            |           |            |          |            |
|                                                                                                                                                                                                                                                                                                                                                                                         | (b) Explain the assumptions of CVP analysis in detail.                                                                                                                                                                                                                                                                                                                                                                  | 07       |                  |                       |          |            |           |            |          |            |
| Q.3                                                                                                                                                                                                                                                                                                                                                                                     | (a) What is process Costing? Explain the main features of process costing. Mention the industries where it is applied.<br>(b) Explain different method of inventory valuation with hypothetical example.                                                                                                                                                                                                                | 07<br>07 |                  |                       |          |            |           |            |          |            |
| OR                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                         |          |                  |                       |          |            |           |            |          |            |
| Q.3                                                                                                                                                                                                                                                                                                                                                                                     | (a) XYZ Co. purchased machinery as follows :                                                                                                                                                                                                                                                                                                                                                                            | 07       |                  |                       |          |            |           |            |          |            |
| <table><tr><td>Date of Purchase</td><td>Cost of Machine (Rs.)</td></tr><tr><td>1.4.2006</td><td>Rs. 60,000</td></tr><tr><td>1.10.2006</td><td>Rs. 40,000</td></tr><tr><td>1.7.2007</td><td>Rs. 20,000</td></tr></table>                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                         |          | Date of Purchase | Cost of Machine (Rs.) | 1.4.2006 | Rs. 60,000 | 1.10.2006 | Rs. 40,000 | 1.7.2007 | Rs. 20,000 |
| Date of Purchase                                                                                                                                                                                                                                                                                                                                                                        | Cost of Machine (Rs.)                                                                                                                                                                                                                                                                                                                                                                                                   |          |                  |                       |          |            |           |            |          |            |
| 1.4.2006                                                                                                                                                                                                                                                                                                                                                                                | Rs. 60,000                                                                                                                                                                                                                                                                                                                                                                                                              |          |                  |                       |          |            |           |            |          |            |
| 1.10.2006                                                                                                                                                                                                                                                                                                                                                                               | Rs. 40,000                                                                                                                                                                                                                                                                                                                                                                                                              |          |                  |                       |          |            |           |            |          |            |
| 1.7.2007                                                                                                                                                                                                                                                                                                                                                                                | Rs. 20,000                                                                                                                                                                                                                                                                                                                                                                                                              |          |                  |                       |          |            |           |            |          |            |
| On 1.1.2008 one-third of the machinery which was purchased on 1.4.2006 became obsolete and was sold for Rs. 6,000. The machinery was to be depreciated by straight line method at 10% p.a. Show how the Machinery Account would appear in the ledger of the Company for the years 2006, 2007 and 2008. Assume that the accounting year of the Company ends on 31st December every year. |                                                                                                                                                                                                                                                                                                                                                                                                                         |          |                  |                       |          |            |           |            |          |            |

(b) The following information is given:

| Particulars                           | Amount ( in Rs.) |
|---------------------------------------|------------------|
| Selling Price per unit                | 20               |
| Variable Manufacturing Costs per unit | 11               |
| Variable Selling Costs per unit       | 3                |
| Fixed Factory Overheads per year      | 5,40,000         |
| Fixed Selling Costs per year          | 2,52,000         |

You are required to compute:

- 1) Break-even Point expressed in amount of sales in rupees.
- 2) Number of units that must be sold to earn a profit of Rs. 60,000 per year.

**Q.4** Electronics Ltd. furnish the following information for 10,000 T.V. valves manufactured during the year 2013:

| Particulars                               | Amount(Rs.) |
|-------------------------------------------|-------------|
| Direct Materials                          | 90,000      |
| Direct Wages                              | 60,000      |
| Power and Consumable Stores               | 12,000      |
| Factory Indirect Wages                    | 15,000      |
| Factory Lighting                          | 5,500       |
| Defective Work (Cost of rectification)    | 3,000       |
| Clerical Salaries and Management Expenses | 33,500      |
| Selling Expenses                          | 5,500       |
| Sale Proceeds of Scrap                    | 2,000       |
| Plant Repairs and Maintenance             | 11,500      |

The net selling price was Rs. 31.60 per unit sold and all units were sold. As from 1<sup>st</sup> January, 2014 the selling price was reduced to Rs. 31 per unit. It was estimated that production could be increased in 2014 by 50 % due to spare capacity. Rates for materials and direct wages will increase by 10 %.

- (a) Prepare cost Sheet for the year 2013 showing various elements of cost per unit.
- (b) Explain proforma of unit cost sheet in detail.

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**OR**

- Q.4**
- (a) Explain proforma of marginal cost sheet in detail.
  - (b) Prepare estimated Cost and Profit for 2014 assuming that 15,000 units will be produced and sold during the year and factory overheads will be recovered as a percentage of direct wages and office and selling expenses as a percentage of work cost.

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**Q.5** The following trial balance of Mehul Company Ltd. for the year ended 31st March, 2012

| <b>Particulars</b>                              | <b>Dr.</b>      | <b>Cr. (Rs.)</b> |
|-------------------------------------------------|-----------------|------------------|
| Stock                                           | 68,000          |                  |
| Furniture & Fixtures                            | 50,000          |                  |
| Discount                                        | 4,000           |                  |
| Loan to Directors                               | 8,000           |                  |
| Advertisement                                   | 2,000           |                  |
| Bad Debts                                       | 3,500           |                  |
| Commission                                      | 12,000          |                  |
| Purchases                                       | 231,900         |                  |
| Plant and Machinery                             | 86,000          |                  |
| Rentals                                         | 2,500           |                  |
| Current Account                                 | 4,500           |                  |
| Cash                                            | 800             |                  |
| Interest on Bank Loan                           | 11,600          |                  |
| Preliminary Expenses                            | 1,000           |                  |
| Wages                                           | 90,000          |                  |
| Consumables                                     | 8,400           |                  |
| Freehold Land                                   | 1,54,600        |                  |
| Tools and Equipments                            | 24,500          |                  |
| Goodwill                                        | 26,500          |                  |
| Debtors                                         | 28,700          |                  |
| Bills Receivables                               | 15,300          |                  |
| Dealer Aids                                     | 2,100           |                  |
| Transit Insurance                               | 3,000           |                  |
| Trade Expenses                                  | 7,200           |                  |
| Distribution Freight                            | 5,400           |                  |
| Debentures Interest                             | 2,000           |                  |
| Equity Shares Capital (Shares of Rs.10 each)    |                 | 2,50,000         |
| 11% Debentures                                  |                 | 50,000           |
| Bank Loans                                      |                 | 64,500           |
| Bills Payable                                   |                 | 12,500           |
| Creditors                                       |                 | 15,600           |
| Sales                                           |                 | 4,26,800         |
| Rent Received                                   |                 | 4,600            |
| Transfer Fees                                   |                 | 1,000            |
| Profit & Loss Appropriation Account             |                 | 13,900           |
| Provision for Depreciation on Plant & Machinery |                 | 14,600           |
|                                                 | <b>8,53,500</b> | <b>8,53,500</b>  |

**Additional Information:** 1) Closing stock as on 31st march, 2012, Rs.82,300.2)

Depreciation on furniture @5%, Freehold land @2% and Tools and Equipments @5% to be provided

- (a) Prepare vertical format of P&L.  
(b) Prepare note of accounts related to P&L

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**OR**

- Q.5** (a) Prepare vertical format of Balance sheet.(P&L balance will be the balancing figure of BS)  
(b) Prepare note of accounts related to Balance Sheet.

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