

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 (a) What do you mean by management accounting? (b) Explain accrual basis of accounting with example. (c) Explain money measurement concept. (d) Explain fixed cost with appropriate example. (e) Explain net profit ratio. (f) Explain meaning and features of GAAP. (g) Describe make or buy decision.	14								
Q.2	(a) Differentiate between financial accounting and cost accounting. (b) Explain horizontal analysis of income statement with hypothetical example.	07 07								
<b>OR</b>										
Q.3	(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. (b) Explain different method of inventory valuation with hypothetical example.	07 07								
<b>OR</b>										
Q.3	(a) XYZ Co. purchased machinery as follows :	07								
	<table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th style="width: 50%;">Date of Purchase</th><th style="width: 50%;">Cost of Machine (Rs.)</th></tr></thead><tbody><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></tbody></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

<i>Particulars</i>	<i>Dr.</i>	<i>Cr. (Rs.)</i>
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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