

R.N.G.PATEL INSTITUTE OF TECHNOLOGY-RNGPIT
(An Autonomous College U/s UGC Act 1956)

MBA SEMESTER-I, SEMESTER END EXAMINATION - WINTER 2024

Subject Code: 1MB1101

Date: 17-01-2025

Subject Name: MANAGEMENT ACCOUNTING

Time: 09:00 AM to 12:00 PM

Total Marks: 70

Instructions

1. It is **compulsory** for students to write **Enrolment No. /Seat No.** on the question paper.
2. Write answers of **Section A** and **Section B** in **separate answer books**.
3. Attempt all questions from both **Section A** and **Section B**.
4. Each section carries **35 marks**, with a total of **70 marks** for the examination.
5. The figures to the right of each question indicate full marks, make suitable assumptions with justification.
6. BL - Bloom's Taxonomy Levels (R-Remember, U-Understanding, A –Application, N –Analyze, E – Evaluate, C -Create), CO - Course Outcomes.

SECTION A

	Marks	BL	CO
Q.1 Multiple-Choice Questions	[05]		
(a) Which of the following is an example of a current liability?	1	U	1
(i) Bank Loan			
(ii) Creditors			
(iii) Goodwill			
(iv) Machinery			
(b) Which formula is used to calculate the Break-Even Point in units?	1	R	4
(i) $\text{Fixed Costs} / (\text{Selling Price per Unit} - \text{Variable Cost per Unit})$			
(ii) $(\text{Fixed Costs} + \text{Variable Costs}) / \text{Selling Price per Unit}$			
(iii) $\text{Fixed Costs} / \text{Selling Price per Unit}$			
(iv) $\text{Variable Costs} / \text{Fixed Costs}$			
(c) What is the main purpose of the Trading Account?	1	U	2
(i) To calculate net profit or loss			
(ii) To ascertain gross profit or loss			
(iii) To list assets and liabilities			
(iv) To calculate retained earnings			
(d) Which of the following is an example of indirect costs?	1	U	3
(i) Direct Materials			
(ii) Direct Labor			
(iii) Factory Rent			
(iv) Direct Expenses			

(e) Which account is used to transfer the net profit or net loss at the end of the accounting year? 1 U 2

(i) Capital Account

(ii) Profit and Loss Account

(iii) Drawings Account

(iv) Reserve Account

Q.2 Attempt Any Two

[10]

(a) XYZ Ltd. is manufacturing and selling four types of products A, B, C and D. 5 N 4
The sales mix and variable costs are as follows:

Product	Sales per month	Variable Cost Ratio
A	2,00,000	50%
B	1,50,000	50%
C	1,00,000	75%
D	2,50,000	40%

The fixed costs are Rs. 1, 50,000 per month. Calculate breakeven point.

(b) Calculate factory cost from the following particulars: 5 A 4

	Rs.
Material consumed	60,000
Productive wages	20,000
Direct Expenses	5,000
Consumable stores	2,000
Oil grease/Lubricating	500
Salary of a factory manager	6,000
Unproductive wages	1,000
Factory rent	2,000
Repair and Depreciation on Machine	600

(c) Draw the format of Cost Sheet. 5 U 3

Q.3 Attempt Any Two

[10]

(a) Discuss any **TEN** basic accounting terms. 5 U 1

(b) From the following information, prepare a cost sheet for period ended on 31st March 2006. 5 A 2

	Rs.
Opening stock of raw material	12,500
Purchases of raw material	1,36,000
Closing stock of raw material	8,500
Direct wages	54,000
Direct expenses	12,000
Factory overheads 100% of direct wages	
Office and administrative overheads 20% of works cost	
Selling and distribution overheads	26,000
Cost of opening stock of finished goods	12,000
Cost of Closing stock of finished goods	15,000
Profit on cost 20%	

(c) Journalise the following transactions in the books of Mr. Mohan who is carrying business as cloth dealer. 5 A 2

- July 1 Sold cloths on credit to Gita Rs. 500
- July 2 Purchased cloths from Amar on Credit Rs. 2000
- July 5 Received cheque from Bela Rs.1180
Allowed her discount Rs. 20
- July 8 Drawn cash for private use Rs. 250
- July 17 Paid telephone charges Rs. 80
- July 19 Drawn cash from bank for office Rs. 1500
- July 21 Cash purchase of cloth (paid by cheque) Rs.800
- July 22 Cash sales Rs.450

Q.4 Attempt Any Two [10]

(a) From the following information prepare cost sheet. 5 A 3

	Rs.
Direct material	1,60,000
Direct Labour	45,000
Direct Expenses	15,000
Factory overheads	35,000
Office and administration overheads 20% of works cost	
Selling and distribution overheads	45,000
Opening stock of finished goods	25,000
Closing stock of finished goods	10,000
Profit on Sales 10%	

(b) Journalise the following transactions in the books of Amit and post them in the Ledger: 5 A 2

- 1 March 2024 Bought goods for cash Rs. 25,000
- 2 March 2024 Sold goods for cash Rs. 50,000
- 3 March 2024 Bought goods for credit from Gopi Rs.19,000
- 5 March 2024 Sold goods on credit to Robert Rs.8,000
- 7 March 2024 Received from Robert Rs. 6,000
- 9 March 2024 Paid to Gopi Rs.5,000
- 20 March 2024 Bought furniture for cash Rs. 7,000

(c) Explain the importance of cost sheet. 5 U 1

(c) Discuss the three classifications of cash flow activities with examples. 5 U 4

Q.7 Attempt Any Two [10]

(a) Explain Generally Accepted Accounting Principles (GAAP) 5 U 1

(b) From the following details, you are required to find out: 5 A 3

(a) Gross profit; (b) Purchases; (c) Opening Stock; (d) Closing Stock; (e) Debtors; (f) Creditors; (g) Fixed Assets

(1) Stock turnover = 6

(2) Capital Turnover Ratio = 2

(3) Fixed Turnover Ratio = 4

(4) Gross Profit Ratio = 20%

(5) Debtor's Velocity = 2 months

(6) Creditor's Velocity = 73 days

The Gross Profit was Rs. 60,000. Reserve and surplus amount to Rs. 20,000.

Closing stock was Rs. 5,000 in excess on opening stock.

(c) Explain how a cash flow statement is useful for decision-making. 5 E 5

Q.8 Attempt Any Two [10]

(a) List and discuss any three uses of management accounting information in decision-making. 5 U 5

(b) Define ratio analysis and explain its significance in financial analysis. 5 U 3

(c) Current Ratio = 2.5:1 5 C 3

Liquid ratio = 1.5

Net working capital = Rs. 3,00,000

Long Term Borrowing = Rs.1,50,000

Stock Turnover ratio (Cost of sales / closing stock) = 6 times

Gross Profit ratio = 20%

Debt collection period = 2 months

Fixed assets turnover ratio (on cost of sales) = 2 times

Fixed assets to shareholders net worth = 0.8

Reserves and surplus to capital = 0.5

From the above information prepare balance sheet in as much detail as possible.
