

# Printout

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**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

**Course: Cost & Management Accounting  
Semester-II (Batch: 2015-20)**

**Mid Semester Test: Feb-Mar. 2016**



**Date: 5<sup>th</sup> March, 2016**

**Duration: 2 hours**

**Max. Marks: 30**

**Instructions:**

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write anything on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.
- **Use of calculator is allowed.**

**Part-A (Compulsory)**

**Marks**

Q.1 The financial statements of a company is provided below.

(10)

**Balance Sheet as on 31<sup>st</sup> December 2015**

Liabilities	2015	Assets	2015
Equity Share Capital	14,000	Plant & Machinery	10,000
8% Preference Share Capital	2,000	Land & Building	3,000
Long term Loans	1,000	Furniture & Fixtures	1,400
10% Bonds (10 Years)	600	Patents	3,000
12% Debentures (15 Years)	300	Trademarks	200
Sundry Creditors	200	Sundry Debtors	600
Short term Loans	200	Bills Receivable	200
Bills Payable	400	Closing Stock	100
		Cash	100
		Preliminary Expenses	100
<b>Total</b>	<b>18,700</b>	<b>Total</b>	<b>18,700</b>

**Income Statement for the Year 2015**

Sales		8,000
Add: Interest Received	50	
Dividend Received	30	
Appreciation in Land and Building	20	100
<b>Less: Expenses</b>		
Purchases	(2,000)	
Administrative Expenses	(1,000)	
Selling and Distribution Expenses	(1,200)	
Depreciation	(100)	
Interest Paid	(50)	
Lease Rent Paid	(50)	(4,400)
<b>Earnings Before Taxes (EBT)</b>		<b>3,700</b>
<b>Less: Tax Paid @ 30%</b>		<b>(1,110)</b>
<b>Earnings After Taxes (EAT)</b>		<b>2,590</b>
<b>Less: Preference Dividend</b>		<b>(160)</b>
<b>Earnings Available for Equity Shareholders</b>		<b>2,430</b>

**Part-B**Answer **any one** of the following:

- Q.3 (a) A company sells Rs.3,00,000 value of products and makes a profit of Rs.50,000. (3+2+  
What is the margin of safety and break even sales if variable cost is 60% of sales? 5=10)
- (b) How is cost accumulated under the pro-forma of Cost Sheet involving opening stock and closing stock of raw material, work in progress and finished goods?
- (c) Discuss the relevance of Cost and Management Accounting for making crucial management decisions.
- Q.4 (a) Write Short notes on the following terms. (5+5=10)
- (i) Discretionary Costs
  - (ii) Sunk Costs
  - (iii) Diluted Earning per Share
  - (iv) Semi Variable Costs or Mixed Costs
  - (v) Step Costs
- (b) Differentiate between Financial Accounting and Management Accounting. How has management accountant's role transformed over time.

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