

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 1 – EXAMINATION – SUMMER 2018

Subject Code: 3519201

Date: 30/04/2018

Subject Name: Accounting for Managers (AFM)

Time: 10.30 AM To 1.30 PM

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1** Explain following terms. **14**
- (a) What do you mean by financial accounting?
 - (b) Differentiate between accrual basis of accounting and cash basis of accounting.
 - (c) Explain entity concept.
 - (d) Explain the causes of depreciation.
 - (e) Explain gross profit ratio.
 - (f) Advantages of computerized accounting.
 - (g) Explain meaning and features of GAAP.
- Q.2** (a) Explain users of financial accounting details. **07**
- (b) Journalise the following transactions for April, 2017. **07**
- April 1- Mohan commenced business with cash Rs. 20,00,000.
April 2 - Deposited into bank Rs. 17,00,000.
April 4 - Bought furniture for office for cash Rs. 60,000.
April 13 - Goods sold to Gopal on credit Rs. 1,00,000.
April 15 - Bought goods from Ram on credit Rs. 1,10,000.
April 28 - Paid Ram in full settlement Rs. 1,06,000.
April 30 - Paid rent Rs. 20,000.
- OR**
- (b) XYZ Co. purchased machinery as follows : **07**
- | 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.
- Q.3** (a) Differentiate between periodic inventory system and perpetual inventory system. **07**
- (b) Total current liabilities are Rs. 80,000 current ratio is 2.5:1. Liquid ratio 1.5:1. Total current assets include stock, debtors and cash only. Cash is 2/3 of debtors. Calculate debtors & cash. **07**
- OR**
- Q.3** (a) Explain trend analysis with hypothetical example. **07**
- (b) Ashok Patel runs a computer supplies company. One of the items stocked is the 'Zap' data disk, had following inventory balance for January, 2017. **07**

January 1- Opening inventory of 40 units at a cost of Rs. 3.00 each

January 7 - Bought 20 units at a cost of Rs. 3.60 each

January 15 - Sold 36 units

January 21 - Bought 20 units at a cost of Rs. 3.75 each

January 31- Sold 25 units

Calculate closing stock on 31st January, 2017 using perpetual inventory valuation system using FIFO and LIFO method.

- Q.4** (a) Explain the significance and importance of IFRS. **07**
 (b) From the following Balance Sheets of Amrit Limited as at March 31, 2014 and 2015, prepare a comparative balance sheet: **07**

Particulars	31 March, 2015	31 March, 2014
I. Equity and Liabilities		
1 Shareholders' Funds		
a) Share capital	20,00,000	15,00,000
b) Reserve and surplus	13,00,000	14,00,000
2 Non-current Liabilities		
Long-term borrowings	19,00,000	16,00,000
3 Current liabilities		
Trade payables	3,00,000	2,00,000
Total	55,00,000	47,00,000
II. Assets		
1 Non-current assets		
a) Fixed assets		
- Tangible assets	20,00,000	15,00,000
- Intangible assets	19,00,000	16,00,000
2 Current assets		
- Inventories	13,00,000	14,00,000
- Cash and Cash Equivalents	3,00,000	2,00,000
Total	55,00,000	47,00,000

OR

- Q.4** (a) Explain vertical format of balance sheet. **07**
 (b) Following are the balance sheets of a Vijay & son: **07**

Liabilities	1-1-15	31-12-15	Assets	1-1-15	31-12-15
Creditors	36,000	41,000	Cash	4,000	3,600
Loan from Partner	-	20,000	Debtor	35,000	38,400
Loan from Bank	30,000	25,000	Stock	25,000	22,000
Capital	1,48,000	1,49,000	Land	20,000	30,000
			Building	50,000	55,000
			Machinery	80 000	86,000
	2,14,000	2,35,000		2,14,000	2,35,000

During the year Rs. 26,000 paid as dividend. The provision made for depreciation against machinery as on 1.1.15 was Rs. 27,000 and on 31.12.15 Rs 36,000. Prepare a cash flow statement.

From the following ledger balances of Mr. Dinesh, prepare a trading account, P&L account for the current year ended 31st March 2013 and a balance sheet as on that day, after making the necessary adjustments:

Dinesh's capital	Rs. 8,00,000
Dinesh's drawings	Rs. 60,000
Plant and machinery (1.4.2012)	Rs. 2,00,000
Plant and machinery additions (1.7.2012)	Rs. 50,000
Stock on 1.4.2012	Rs. 1,50,000
Purchases during the year	Rs. 8,20,000
Carriage on purchases	Rs. 20,000
Furniture and fixtures	Rs. 2,00,000
Carriage on sales	Rs. 25,000
Sundry expenses	Rs. 8,000
Printing, stationery and postage	Rs. 12,000
Rent, rates and taxes	Rs. 40,000
Bad debts	Rs. 5,000
Sundry creditors	Rs. 95,000
Sales	Rs. 12,00,000
Purchase returns	Rs. 10,000
Provision for bad and doubtful debts (1.4.2012)	Rs. 8,000
Commission received	Rs. 16,000
Sundry debtors	Rs. 52,000
Insurance charges	Rs. 10,000
Salaries	Rs. 2,10,000
Cash in hand	Rs. 62,000
Cash at bank	Rs. 2,05,000

Adjustments are required for the following:

- (1) Closing stock on 31.3.2013 was valued at Rs. 1,40,000.
- (2) Create provision for bad and doubtful debts at the rate of 5 per cent on sundry debtors.
- (3) Provide for depreciation on furniture & fixtures at 10 per cent per annum and on plant and machinery at 20 per cent per annum.
- (4) Insurance paid in advance is Rs. 1,000.
- (5) Commission receivable in arrears is Rs. 5,000.
- (6) Salaries payable are Rs. 15,000.

OR

CASE STUDY:

You are required to prepare vertical format of P&L, balance sheet and note of accounts from the following trial balance of Mehul Company Ltd. for the year ended 31st March, 2012

Mehul Company Ltd. Trial Balance as at 31st March, 2012

Particulars	Dr. (Rs.)	Cr. (Rs.)
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
	8,53,500	8,53,500

Additional Information: 1) Closing stock as on 31st march, 2012, Rs.82,300.

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