

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 1 – EXAMINATION – SUMMER 2019**Subject Code: 3519201****Date: 14/05/2019****Subject Name: ACCOUNTING FOR MANAGERS (AFM)****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.1** Explain the following terms in brief: **14**
- (a) Functions of Accounting
 - (b) Accounting process
 - (c) Qualitative characteristics of financial statements
 - (d) Computerized Accounting
 - (e) Fundamental accounting assumptions
 - (f) Rules of Real account & Nominal account.
 - (g) Users of Financial Statement

- Q.2 (a)** Differentiate between Financial Accounting and Management Accounting. **07**

- (b)** Journalize the below entries in the books of Rajini. **07**

January 2018

- 1st Rajini started business with a capital of Rs. 50,000
2nd She purchased furniture for Rs. 5,000
3rd She bought goods on credit from Vinod for Rs. 8,000
14th She sold goods to Suresh for Rs. 5,000
15th She received cash from Suresh Rs. 3,000
18th She purchased goods for cash Rs. 12,000
25th She sold goods for cash Rs. 8,000
28th She paid rent Rs. 1,200.
31st She paid Vinod Rs. 3,000 on account.

OR

- (b)** Using the following data complete the balance sheet. **07**

Gross profit (20% of sales)	Rs. 60000
Share capital	Rs. 50000
Credit sales to total sales	80%
Total assets turnover (on sales)	3 times
Closing stock turnover (to cost of sales)	8 times
Average collection period (for 360 days)	18 days
Current ratio	1.6
Long term debt to equity	40%

Balance Sheet

Share capital	?	Fixed assets	?
Long term debt	?	Stock	?
Creditors	?	Debtors	?
		Cash	?
	?		?

- Q.3 (a) Explain the conceptual framework of financial statements in detail? **07**
 (b) The following is the record of receipts and issues of material A in the factory **07**
 during a week.
 April 2018
 1 Opening balance 50 tonnes @ Rs. 10 per tone
 2 Issued 30 tonnes
 3 Received 60 tonnes @ Rs. 10.20 per tone
 4 Issued 25 tonnes [Stock verification reveals of loss of 1 tonne]
 5 Received back 10 tonnes [Previously issued at Rs. 9.15 per tone]
 6 Issued 40 tonnes
 7 Received 22 tonnes @ Rs. 10.30 per tone
 8 Issued 38 tonnes
 You are required to prepare a Stores ledger account under
 i) FIFO method
 ii) LIFO method.

OR

- Q.3 (a) What do you mean by Accounting concepts? Explain any 5 accounting concepts **07**
 in detail.
 (b) On 1-1-2010, Ram purchased machinery of 72,000 and spent 6,000 for **07**
 Installation and 12,000 for repairs.
 On 30-6-2012, he sold a part of the machinery costing Rs. 18,000 for Rs.
 12,000. New machinery was purchased on the same day for Rs. 30,000 and
 spent Rs. 6,000 for transportation.
 The depreciation was charged at 10% per annum on the original cost method.
 Show the machinery and depreciation account for 5 years.
 Q.4 (a) Explain the concept of Trend Analysis with the help of an example. **07**
 (b) From the following Income Statement of Raj Trading Company for the year **07**
 ending 31st March, 2016 and 2017, you are required to prepare a Comparative
 Income Statement and give your comments:

Income Statement

For the year ended 2016 and 2017

Particulars	31.03.2016 Rs.	31.03.2017 Rs.
Revenue From Operations	6,00,000	7,20,000
Add: Dividend Received	30,000	90,000
Total Revenue	6,30,000	8,10,000
Less: Cost of Goods Sold	4,20,000	5,60,000
Administration Expenses	50,000	66,000
Selling and Dist. Expenses	25,000	23,000
Interest on Debentures	12,000	12,000
Loss on Sale of Plant	6,000	4,000
Provision for Taxation	40,000	48,000
Net Profit	77,000	97,000

OR

- Q.4 (a) Write a short note on IFRS? **07**
 (b) From the following Profit and Loss account, you are required to compute cash **07**
 from operations.

Particulars	Rs.	Particulars	Rs.
To Salaries	20000	By Gross profit	100000
To Rent	4000	By Profit on sale of Land	20000
To Depreciation	8000	By Income tax refund	12000
To Loss on sale of machinery	4000		
To Goodwill written off	16000		
To Dividend proposed	20000		
To Tax provision	20000		
To Net profit	40000		
	132000		132000

Q.5 The following is the trial balance of Gupta Industries Ltd. for the year ending 31st March, 2018.

Particulars	Debit	Credit
Stock, 1 st April 2017	675000	
Sales		3060000
Wages	270000	
Share capital (Authorised capital 200000 shares of Rs. 10 each)		900000
Discount		27000
Purchases	2205000	
Carriage inward	8550	
Purchase returns		90000
Patents & trademark	43200	
Salaries	67500	
Bills receivable	45000	
Sundry expenses	63450	
Bills payable		63000
Rent	36000	
Debtors & Creditors	247500	157500
Plant & Machinery	261000	
Furniture & Fittings	153000	
Cash at bank	415800	
General reserve		139500
Profit & loss account, 31 st March 2017		54000
Total	4491000	4491000

Adjustments:

1. Outstanding rent amounted to Rs. 7200 while outstanding salaries Rs. 8100 at the end of the year.
2. Make a provision for doubtful debts amounting to Rs. 4590.
3. Stock on 31st March 2018 was valued at Rs. 792000.
4. Depreciate plant and machinery at 14% and furniture & fittings at 18%.
5. Amortise patents and trademarks at 5%.

6. Provide for managerial remuneration at 10% of the net profits before tax.
7. Make a provision for income tax at 35%.
8. The board of directors proposes a dividend at 10% for the year ended 31st March 2018 after transfer to General reserve at 5% of profit after tax.

(a) Prepare Vertical Profit and Loss account for the year ending 31st March 2018. **07**

(b) Prepare Vertical Balance sheet as on 31st March 2018. **07**

OR

Q.5 (a) Prepare Horizontal Profit and Loss account of Gupta Industries Ltd. for the year ending 31st March 2018. **07**

(b) Prepare Horizontal Balance sheet of Gupta Industries Ltd. as on 31st March 2018. **07**

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