

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER 1– EXAMINATION – SUMMER 2019****Subject Code:2810001****Date:14/05/2019****Subject Name: Accounting for Managers****Time:02:30 PM 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.

**Q1. (a) Identify the letter of the choice that best completes the statement or answers the question** **6**

1. A person who supplies goods to the firm is known as

A	A Debtor	B	A Creditor
C	Proprietor	D	None of these

2. Investment is taken as

A	Current Assets	B	Fixed Assets
C	None of these	D	Both A and B

3. The animals used in the business is known as

A	Current Assets	B	Dead-stock
C	Livestock	D	Fictitious Assets

4. Insolvent means

A	Assets=Liabilities	B	Assets>Liabilities
C	Assets and Liabilities=0	D	Assets<Liabilities

5. The amount which is irrecoverable from debtor is known as

A	Doubtful Debt	B	Bad Debts
C	Good Debt	D	None of these

6. An entrepreneur withdrawing goods or money for personal use is known as

A	Capital	B	Expense
C	Withdrawals	D	Drawings

**Q1. (b) Explain the following terms:** **4**

1. Dead-stock
2. Intangible Asset
3. Authorized Share Capital
4. Preliminary Expenses

**Q1. (c)** 100 shares of Rs.500 each are purchased by Mr.X after paying brokerage of 2% and Investment Advisor's Fees of Rs.500. Find out the cost of investment. **4****Q2. (a)** Write a short-note on Trend Analysis. Support it with imaginary figures. **7****Q2. (b)** From the following data, identify the value of the closing stock and Cost of Goods Sold under LIFO, FIFO and WAM as per periodic inventory system. Comment on the value of the closing stock. **7**

July 1	Inventory	100 units at Rs.8
July 8	Sale	90 units
July 15	Purchase	125 units at Rs.12
25	Sale	60 units

**OR****Q2. (b)** Write a short-note on AS-9 Recognition of Income. **7****Q3. (a)** How is Accounting useful to different type of users? Elaborate the statement. **7****Q3. (b)** Journalize the following the transactions: **7**

1. Started business with cash Rs.1,00,000.

2. Bought goods from Mr. Ram for Rs. 80,000, 50% paid in cash.
3. Sold goods of Rs.25,000 to Ms.Rekha at 35% profit on Sales price.
4. Paid salary Rs.30,000 to Ms.Dipika.
5. Paid Rs.30,000 in full settlement to Ms. Tina towards her dues of Rs.30,105.
6. Rent of Rs.3,000 is due but not received.
7. Paid Rs.1,001 in the wedding ceremony of maternal uncle's son.

**OR**

- Q3. (a)** Write a short-note on Accounting Standard with reference to various levels of categories of enterprises. 7
- Q3. (b)** Interpret the following ratios in the best possible manner. Both the companies are in the same industry. 7

Type of Ratio	Lincoln Company	Abraham Company
Current Ratio	2.6:1	2.2:1
Quick Ratio	2.6:1	2.6:1
Debtors Turnover	12.7 times	9.2 times
Average Collection Period	29 days	40days
Inventory Turnover	3.8 times	2.8 times
Interest Coverage Ratio	28.1 times	12.2 times
Rate earned on total assets	8.2%	7.3%

- Q4. (a)** What is Generally Accepted Accounting Principles? Explain any four principles of your choice with appropriate example. 7
- Q4. (b)** On 1<sup>st</sup> January, 2010 M/s. Joseph Limited purchased machinery for Rs.12,000 and on 30<sup>th</sup> June, 2011, it acquired additional machinery at a cost of Rs.2,000. On 31<sup>st</sup> March, 2012 one of the original machines which cost Rs.2,000 was found to have become obsolete and was sold as scrap for Rs.500, it was replaced on the same day by a new machine costing Rs.800. Depreciation is to be provided at the rate of 15% per annum on the Written Down Value Method. Show machinery account for three years. The year end to be followed is 31<sup>st</sup> December. 7

**OR**

- Q4. (a)** Differentiate between Provision and Reserves. 7
- (b)** Write a short-note on DuPont Model.
- Q5. (a)** From the following trial balance of Ram Gopal and Sons as on 31<sup>st</sup> March, 2012, prepare trading and profit and loss account for the year ending 31<sup>st</sup> March, 2012 and balance sheet as on that date: 7

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	-	3,50,000
Drawings	25,000	-
Plant and Machinery	1,50,000	-
Debtors and Creditors	90,000	40,000
Returns	10,000	12,000
Discount	5,000	4,000
Commission	8,000	-
Interest on bank loan	22,000	-
Furniture	34,000	-
Provision for Doubtful debts	-	12,000
Wages	48,000	-
Salaries	60,000	-
Advertisements	15,000	-
Taxes and Insurance	12,000	-

Purchases and Sales	2,40,000	4,80,000
Stock (as on 31.03.2011)	50,000	-
Carriage	12,000	-
Land and Buildings	3,00,000	-
Cash in Hand	12,000	-
Cash at Bank	25,000	-
10% Bank Loan (as on 01.4.2011)	-	2,20,000
Total	11,18,000	11,18,000

Adjustments:

1. Stock was valued at rs.46,000 as on 31<sup>st</sup> March, 2012.
2. Wages and salaries were outstanding Rs.5,000 and Rs.4,000 respectively on 31<sup>st</sup> March, 2012.
3. Depreciate Plant and Machinery, land and buildings and furniture at 15%, 2.5% and 15% respectively.
4. Provide for doubtful debts at 10% on debtors.

(b) Draw the Performa of Vertical Balance-Sheet with imaginary numbers.

**OR**

**Q5. (a)** The accompanying balance-sheet relates to Hypothetical Ltd. Convert these into Common-Size Statements and interpret the same. (Amount is in lakh of rupees). 7

Liabilities	2015	2016	Assets	2015	2016
Equity Share Capital (Rs.10 each)	240.0	240.0	Plant (net)	402	390
General Reserves	96.0	182.0	Cash	54	78
Long Term Loans	182.0	169.5	Debtors	60	65
Creditors	67.0	52.0	Inventories	84	117
Outstanding Expenses	6.0	-			
Other Current Liabilities	9.0	6.5			
Total	600	650	Total	600	650

(b) Write a short-note on Fund Flow Analysis. 7

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