

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA – SEMESTER 1 – EXAMINATION – WINTER 2018****Subject Code: 3519201****Date: 24/12/2018****Subject Name: Accounting for Manager****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 the following question in short. **14**

- a) What is intangible assets? Give 4 example of it.
- b) What is trial balance? Why it is tallied every time?
- c) What is net worth?
- d) What is cash flow statement according to accounting standard 3?
- e) What are the objectives of accounting?
- f) Explain the convention of materiality.
- g) What is trend analysis? Give example of it.

Q.2 (a) From the following transactions prepare journal. **07**

1. Purchased goods from Mr. Moin of 1, 00,000 Rs. Paid 50 % cash.
2. Sold goods to Miss Rukhsar of 2, 00,000 Rs. She paid 60 % cash.
3. Paid fire insurance Premium of company building Rs. 5,000 Rs.
4. Paid interest on loan of 1, 00,000 Rs at 18% interest per annum for 6 months.
5. Brokerage due to us 500 Rs.
6. Charge interest on Drawing on 10,000 Rs. At 18% per annum for six months.
7. Salary due to clerk 1,000

(b) Explain in detail. Who are the users of accounting information? **07****OR****(b)** Differentiate between book keeping an accounting **07****Q.3 (a)** What are the different methods of providing depreciation on fixed assets? Explain any 3. **07****(b)** Company ABC purchased a machinery on 01/01/2011 for Rs 1,20,000 and spent 80,000 Rs. for instalment. On 01/07/2011 second machine was purchased in 80,000 Rs. On 01/01/2013 the machine purchased on 01/01/2011 became obsolete and was sold for 1, 00,000 Rs. On 01/07/2013 new machinery was purchased at a cost of 2,40,000 Rs . The company provide depreciation on straight line method at 10% per annum on original cost of the assets. **07**

Show machinery account from 01/01/2011 to 31/12/2014

OR**Q.3 (a)** What is inventory valuation? Differentiate between periodic and perpetual inventory system. **07****(b)** Following entries has been found for company XYZ Ltd. **07**

Purchase		Issues	
01/03/11	100 units @ 10	10/3/2011	80 units
12/03/11	100 units @ 9.8	14/03/2011	100 units
15/03/11	50 units @ 9.6	31/03/2011	90 units
20/03/11	100 units @ 9.4		

There was no opening inventories, prepare stock register card using LIFO, FIFO and Weightage average method.

Q.4 (a) What is cash flow statement? Explain methods of preparing cash flow statement. **07**

(b) The following Balance Sheets are given:

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Liabilities	2011	2012	Assets	2011	2012
Equity Share Capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Preference Capital	1,50,000	1,00,000	Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and Loss A/c	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	B/R	20,000	30,000
Bills Payable	20,000	16,000	Cash in Hand	15,000	10,000
Provision for Taxation	40,000	50,000	Cash at Bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

You are required to prepare: Common Size Balance Sheet.

OR

Q.4 (a) Explain errors which can be identified by trial balance.

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(b) Following are the closing balance of XYZ ltd on 31/03/2017

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Bank balance	1,50,000	General reserves	7,00,000
Investment in Infosys	5,00,000	Machinery	12,00,000
Debenture	8,00,000	Investment in TATA power	6,00,000
Debtors	2,00,000	Bank overdraft	3,50,000
Loan of yes bank	3,50,000	Investment in Reliance share	5,35,000
Loan of SBI	4,00,000	Patent	2,50,000
Unsecured loan	1,00,000	Closing stock	2,50,000
Creditors	85,000	Interest received in advance	25,000
Closing stock	2,50,000	Calls in arrears	1,00,000
Furniture	10,00,000	P & L a/c (profit)	3,00,000
Outstanding rent	75,000	Tarde mark	7,50,000
Vehicles	8,00,000	Equity share capital	25,00,000

Additional information:

- (1) Authorized share capital 5, 00,000 share of 10 Rs each. From which 50 % are issued and subscribed
 - (2) Investment made in share are as following: TATA POWER on 1/1/2015, RELIANCE on 01/01/2017 and INFOSYS on 01/04/201
- Prepare vertical balance sheet

Q.5 CASE STUDY:

The information below is taken from the records of two companies in the same industry. The companies are X Ltd and Y Ltd; and the data is as follows:

Particulars	X Ltd	Y Ltd
Cash	2,10,000	3,20,000
Debtors (net)	3,30,000	6,30,000
Stock	12,30,000	9,50,000
Plant and Equipment	16,95,000	24,00,000
Total Assets	34,65,000	43,00,000
Sundry Creditors	9,00,000	10,50,000
8% Debentures	5,00,000	10,00,000
Equity Share Capital	11,00,000	17,50,000
Retained Earnings	9,65,000	5,00,000
Total Liabilities	34,65,000	43,00,000
Sales	56,00,000	82,00,000
Cost of goods sold	40,00,000	64,80,000
Other Operating Expenses	8,00,000	8,60,000
Interest Expenses	40,000	80,000
Income taxes	2,66,000	2,73,000
Dividends	1,00,000	1,80,000
Price Earnings Ratio	25	35
Earnings Per Share	10	7.5

Answer each of the following question by making a comparison of one, or more, relevant Ratios.

- (a) Which company is using the equity shareholders' money more profitably? Which company is better able to meet its current debts? **07**
- (b) If you were to purchase the debentures of one company, which company's debentures would you buy? **07**
- Which company collects its receivables faster, assuming all sales to be credit sales? Which company is extended credit for a longer period by creditors ?, assuming all purchases (equivalent to cost of goods sold) to be credit purchases

OR

- Q.5** (a) How long does it take each company to convert an investment in stock to cash? Which company retains the larger proportion of income in the business? **07**
- (b) On the basis of price earnings ratio and earning per ratio. Which company's stock can be purchased? **07**
