

Seat No.: _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER -01– EXAMINATION – WINTER 2018

Subject Code:2810001
Date:24/12/2018
Subject Name: Accounting for Managers
Time: 10.30AM 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 (A) From the four alternative answers given against each of the following cases, indicate the correct answer :(just state A, B, C or D) (06)

1.	Patent is shown under			
	a)	Fixed Assets	b)	Current Liabilities
	c)	Current Assets	d)	None of the above
2	Purchase book is an example of			
	a)	Subsidiary book	b)	Journal
	c)	Ledger	d)	None of the these
3	FIFO Means			
	a)	First in first out	b)	Fifth in first out
	c)	First in fifth out	d)	None of the above
4	Which of this is not a fixed assets			
	a)	Land and building	b)	Cash
	c)	Furniture	d)	Machinery
5	Which of the following is an intangible assets			
	a)	Goodwill	b)	Patent
	c)	Patent	d)	All of the above
6	Profit and loss statement is prepared for the purpose of			
	a)	To know net profit or loss of the business	b)	To know net financial position of the business
	c)	To know gross profit or loss of the business	d)	None of the above

Q-1 (B) Explain the following terms (04)

- 1) Business Entity Concept
- 2) Current ratio
- 3) Money Measurement concept
- 4) Define Accounting

Q-1 (C) What do you understand by Trend Analysis? Explain in brief with hypothetical example. (04)

Q-2(A) Define Accounting. Explain the different branches of accounting (07)

Q-2 (B) Write Journal entry for the following transaction in the books of Pradeep . (07)

1 April 2015. Pradeep started business with cash Rs.200000
 3 April 2015. Paid in to bank Rs.70000
 5 April 2015. Cash Sales Rs.30000
 7 April 2015 Cash Purchases Rs.20000
 12 April 2015. Paid Salaries Rs.15000
 15 April 2015 Paid rent Rs.5000
 25 April 2015 Commission received Rs.20000

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OR.

Q-2 (B) Explain the users of Accounting information (07)

Q-3 (A) Explain the Accounting standard (AS-10) Fixed assets (07)

Q-3(B) Rati udhyog ltd has established a new project details of fixed assets and expenditure incurred during the construction of the projects are given below .determine the cost of each asset at the end of the completion of the project. (07)

Details	Amount (in Rs.)
Land	1,25,00,000
Building	2,50,00,000
Plant and machinery	20,75,00,000
Misc.Fixed assets	50,00,000
Pre-operative administration expenses on start up ,commissioning ,test runs	1,50,00,000
Interest on term long loans during the construction period	1,80,00,000
Total	28,30,00,000

OR.

Q-3 (A) Explain the important tools of financial statement analysis. (07)

Q-3 (B) Prepare Stores ledger from the following transaction adopting the FIFO Methods of Pricing out issues (07)

1st March 2015. Opening stock 200 units at Rs.2.00 per unit.
 2nd March 2015 Purchased 600 units at Rs.3.00 per unit.
 6th March 2015 issued 600 units.
 12th March 201555. Purchased 400 unit at Rs.3.40 per units.
 22nd March 2015. Issued 300 units.
 26th March 2015. Purchased 500 units at Rs.3.50 per units.
 30th March 2015. Issued 200 units.

Q-4 (A) What is Meaning of Depreciation Accounting and Causes of Depreciation. (07)

Q-4 (B) Following is the Balance sheet of Global Exports as on 31-03-2001 and 31-03-2012. You are required to prepare the comparative Statement and Comment of the financial position of the Concern. (07)

Liabilities	31.3.2011	31.3.2012	Assets	31.3.2011	31.3.2012
Share Capital	1200000	1000000	Building	300000	2550000
Reserve and Surplus	20000	25000	Machnery	490000	325000
Secured loan	45000	30000	Stock	300000	375000
Unsecured loan	200000	250000	Debtors	250000	300000
Current liabilities	125000	150000	Cash	250000	200000

Q-4(A) The ABC Ltd purchased a machine costing Rs.90000 from MM Ltd. The cost incurred for bringing the machine to the point of use amounted to Rs.15000. (07)

The estimated life of the machine is 8 years .

The scrap value at the end of the life is estimated to be Rs.5000

Calculate the rate of depreciation for the following methods.

- 1) Straight line method.
- 2) Written down value method.
- 3) Sum of years digit method for the first two years.
- 4) The unit of production method assuming the first two years production as 30000 and 25000 units respectively 1,50,000 units during the whole life.

Q-4 (B) what do you mean by 'Fund Flow Statement'? Discuss the importance of Fund Flow Statement. (07)

Q-5 You are given the following figures about the delta Ltd for the accounting year ended on 31st December 2008 (14)

Current ratio:2.5 , Liquid ratio : 1.5, Net working capital : Rs.300,000

Stock turnover ratio: 6 times (Cost goods sold to average stock)

Gross profit : 20% , Average collection period : 2 Months

Net Fixed turnover ratio : 1.5 times

Debt-equity ratio = 7:6

Equity capital to reserve = 0.5

You are required to find out following information

- 1) Current Assets 2) Current Liabilities 3) Average Closing stock 4) Cost of Goods sold
- 5) Gross profit 6) Sales 7) Net fixed assets 8) Average debtors 9) Cash & Bank balance
- 10) Long term debt 11) Equity capital 12) Reserve

OR.

Q-5 From the following Trial balances of Mr.Nagaraj Prepare the Final Account for the Year Ended 31st March 2010 and the balance sheet as the that date. (14)

Particular	Debit	Credit
Land and Building	50000	-
Purchases	110000	-
Stock	40000	-
Returns	1500	500
Wages	10000	-
Salaries	9000	-
Office expenses	2400	-
Carriage inward	1200	-
Carriage outward	2000	-
Discount	750	1200
Bad debts	1200	-
Sales	-	205000
Capital account	-	130000
Insurance	1500	-
Commission	-	1500
Plant and Machinery	50000	-
Furniture	10000	-
Bills receivable	20000	-

Sundry debtors	40000	
Sundry creditors	-	25000
Cash	1500	
Bank balance	4500	
Office equipment	12000	-
Bills payable	-	2350
Total	367550	367550

The following adjustments are required.

- 1) Closing stock amounted to Rs.60000
- 2) Outstanding liabilities Wages Rs.2000 and Rent Rs.3000
- 3) Depreciate Land and building at 5 %, Plant and Machinery at 10 % ,office equipment and furniture and fixtures at 10 %
- 4) Insurance premium prepaid Rs.200
- 5) Provide interest on Capital at 5%
- 6) Raise bad and doubtful debts reserve at 5 % on Sundry Debtors.

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