

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER (1) – EXAMINATION – SUMMER 2018**Subject Code:2810001****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.

- Q1. (a) Multi choice Questions: 06**
- 1 Valuation of Intangible asset is associated with?
A. AS 6 B. AS 2
C. AS 1 D. AS 26
- 2 Rate of depreciation as per Appendix I – Rules 5 of Income Tax Act for computer is?
A. 10% B. 15%
C. 60% D. 25%
- 3 “The owner is treated as creditor to the extent of his capital”, is an assumption of which concept?
A. Monetary Unit B. Business Entity
C. Going Concern D. Cost Concept
- 4 Which variable does not have debit balance under Trial Balance?
A. Goods Stolen B. Carriage Inward
C. Carriage Outward D. Loose Tools
- 5 International Accounting Standards Committee (IASC), was established in which year?
A. 1973 B. 1974
C. 1975 D. 1976
- 6 _____ helps in understanding the level of working capital and its movement.
A. Cash Flow Statement B. Funds Flow Analysis
C. Financial Statement Analysis D. ABC Analysis
- Q1. (b) Explain the terms: 04**
1. Going Concern
 2. Contingent Liabilities
 3. Management Accounting
 4. Book Value
- Q1. (c) Explain qualitative characteristics of Financial Accounting. 04**
- Q2. (a) Discuss the steps in Accounting Process with appropriate illustrations. 07**
- (b) Journalize the transactions in the books of “Baaghi ltd” 07**
1. LIC Premium of Rs. 2000 paid by Cheque.
 2. Sold goods of Rs. 1000 to shraddha on credit
 3. Goods of Rs. 4000 were destroyed by fire.
 4. Sold goods of Rs. 8000 at 5% trade discount to Tiger on credit

5. Purchase furniture of Rs. 15000 for personal use from shakti furniture
 6. Received commission of Rs. 1000 from Arti
 7. Goods of Rs, 25000 were distributed as free samples for advertisements.

OR

- (b) Cost of Raw material is Rs. 100, Market price of Raw Material is Rs. 110. Selling expenses is Rs.20. What shall be the valuation of inventory as per AS 2. **07**
- Q3. (a)** What is Trial Balance? Explain how it ensures arithmetical accuracy. **07**
- (b)** Sonakshi Textiles Ltd. sought the advice of an investment advisor for deployment of surplus funds of around Rs. 18 lacs in the stock market. The advisor advised to invest in Deepika Tubes Ltd. and charged Rs. 5,000 as brokerage. Accordingly investing company bought 5000 shares of Deepika Tubes Ltd, @ Rs. 350 per share from BSE through stock broker. Brokerage of 0.5% was charged. Determine cost of investment. **07**

OR

- Q3. (a)** Explain the difference between Reserves and Provisions. **07**
- (b)** Perform Horizontal Analysis on Profit and Loss Account of Golmaal Ltd for the year ending on 31st March, 2018 & Interpret the variables **07**

(Rs in '000)

Particulars	2017	2018
Income		
Sales	210	270
Expenditure		
Employee Cost	30	55
Fuel	10	25
Audit Fee	80	90
Total Expenditure	120	170
EBDIT	90	100
Depreciation	15	15
EBIT	75	85
Interest	8	5
EBT	67	80
Tax	50	50
PAT	17	30

- Q4. (a)** Draw the format of Corporate Profit and Loss account and explain the main Schedules in it. **07**

- (b) Jagga Jasoos Ltd. purchase a machinery, of which details are furnished as under, you are required to determine cost of machine. 07

QUOTATION		
	Invoice Price	Amount (Rs.)
	List Price	55 lacs
Less	Trade Discount	01 Lacs
		54 Lacs
Add	Sales tax and Excise duty	6 Lacs
		60 Lacs

Credit Available on excise duty included above Rs. 4 Lac

Transportation charges	Rs. 25000
Installation charges	Rs. 75000

OR

- Q4. (a)** Explain the process to be undertaken for shifting the method of depreciation for an organization. 07
- (b)** Perform Common sized Analysis on Balance Sheet of Kaal Ltd for the year ending on 31st March, 2018 & Interpret the variables 07

Particulars	2017	2018
LIABILITIES		
Equity	40	42
Reserves & Surplus	500	520
Long Term Debt	90	100
Current Liabilities		
Bill Payable	20	10
Provisions	40	20
Total Liabilities	690	692
ASSETS		
Fixed Assets		
Machine	200	250
Furniture	100	100
Gross Block	300	350
Less : Acc. Depreciation	50	50
Net Block	250	300
Investments	140	200
Current Assets		
Stock	200	92
Debtors	100	100
Total Assets	690	692

Q5.

Below are the data from the book of D and M Pvt. Ltd. :

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Annual Sales (all credit)	Rs. 36,00,000
Sales to Net worth	2.5 times
Total Debts to Net worth	80%
Current liabilities to Net worth	25%
Current Ratio	3:1
Inventory Turnover Ratio (based on sales)	6 times
Average collection period	40 days in a year of 360 days
Fixed Assets to Net worth	1.05 : 1
Share Capital to Reserves and Surplus	1:0.8

Prepare the Balance Sheet as on that date based on above information.

OR

Q5.

From the given "Trial Balance" of "Secret Superstar Ltd. "as on 31-3-2017. 14
 Prepare Profit and Loss Account & determine Net Profit /Loss

Particulars	Debit (Rs.)	Credit (Rs.)
Carriage Out ward	1620	
Goods burnt into fire and its loss	2550	4530
Bad debt and Bad debt Reserve	1800	10,000
Insurance Premium (Rs. 3000 paid for the year ended 31-7-2017)	7000	
12% Investment and Its Interest (1-1-2017)	20,000	400
Salary and Wages (1:3)	16000	
Opening Stock of Stationery	1000	
Stationery Purchased	2000	
Advertisement Expenses and Goods distributed as sample	2000	1500
Personal A/c	50000	30600
Discount	5000	10000
Bad Debt Return		1000
Apprentice Premium (Received for 2.5 years from 1-1-2017)		6000
Brokerage		5000

Adjustments:

1. Make Provision 10% on Bad Debt Reserve
2. Advertisement Material on hand is 10%, while 1/3 Advertisement Balance is transferred to next year
