

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA - SEMESTER– I EXAMINATION – WINTER 2019****Subject Code: 2810001****Date: 24-12-2019****Subject Name: Accounting for Managers****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(A)** Question text and Option. **06**
- 1) **Financial Accounting is recording and classifying of** _____

A. Transactions	B. Religious Activities
C. Social Activities	D. Cultural Activities
 - 2) **The journal is prepared as per** _____

A. Single Entry System	B. Double Entry System
C. Rules of Audit	D. None of Above
 - 3) **If a company has contingent liabilities, they appear in the** _____

A. Balance sheet	B. Director's Report
C. Foot note down the balance sheet	D. Chairmen's Report
 - 4) **Accounting in India is Governed by** _____

A. Reserve Bank of India	B. Company Law Board
C. Institute of Chartered Accountants of India	D. Income Tax Department
 - 5) **A 'debtors' is the term used in** _____

A. Credit Sale of Goods	B. Credit Purchase of Goods
C. Cash Sale of Goods	D. Cash purchase of Goods
 - 6) **Calls in advance is shown under** _____

A. Share Capital	B. Current Liabilities
C. Depreciation	D. Loans And Advances
- Q.1(B)** Write a note on Capital Expenditure and Revenue Expenditure. **04**
- Q.1(C)** What is Ledger? Explain with an importance of Ledger in Financial Accounting. **04**
- Q.2 (A)** Explain Various concepts and conventions which influence preparation of financial statements. **07**
- Q.2 (B)** Journalize the following transactions in the books of Mr. Suresh **07**
- 2014**
- | | |
|-----------------------------|---|
| 1st July | Commenced business with cash borrowed from Vijaya Bank Rs. 6000 |
| 8th July | Bought goods worth Rs. 4000 from P. Setty and Paid Cash Rs. 2500 |
| 13th July | Received an account payee cheque from Dwarknath Rs. 1800 |
| 16th July | Goods worth Rs. 3200 sold to Rajani and Received Cash of Rs. 2000 |
| 20th July | Paid to Mahesh Rs. 1400 and Received discount Rs. 100 |
| 25th July | Sent money order to Jayanth Rs. 1000 and Paid Commission Rs. 50 |
| 27th July | Bank charges charged by Bank Rs. 150 |

OR

Q.2 (B) Tetra Ball Bearings Ltd. Purchased machinery for Rs. 125000 on 1st April 2008. The depreciation is to be charged at 10% by straight line method. The machinery was sold for Rs. 62500 on 1st October 2011. You are required to prepare Machinery Account assuming year ending 31st March every year. **07**

Q.3 (A) Define the term 'Investment' as per AS-13 and explain the methods of valuation in financial statement. **07**

Q.3 (B) Write a specimen of vertical form of profit and loss account. **07**

OR

Q.3 (A) Explain the meaning of Inventory. What are the objectives of Inventory? **07**

Q.3 (B) Following is the history of receipts and issues of raw materials in Nitin Ltd during April 2015. **07**

April-1	Opening balance 500 units at Rs. 25 per unit
April-3	Issued 70 units
April-4	Issued 100 units
April-8	Issued 80 Units
April-13	Purchased 200 units at Rs. 24.50 per unit
April-14	Return of Surplus 15 units at Rs. 24 per unit
April-16	Issued 180 units
April-20	Purchased 240 units at Rs. 24.40 per unit
April-24	Issued 304 units
April-25	Purchased 320 units at Rs. 24.30 per unit
April-26	Issued 112 units
April-27	Return of Surplus 12 units at Rs. 24.50 per unit
April-28	Purchased 100 units at Rs. 25 per unit and paid freight charges Rs. 200

The stock verification reveals that on the 15th April 2015 there was a shortage of 5 units and on 27th April 2015 another shortage of 8 units.

You are required to prepare stores ledger under FIFO Method.

Q.4 (A) Define financial statement analysis in detail. What are the advantages and limitations of financial statement analysis? **07**

Q.4 (B) Following is the details of M/S BSL as on 31/03/2013 and 31/03/2014. You are required to prepare the common size income statement for the year ending 31/03/2013 and 31/03/2014 and comment on the financial position of the concern. **07**

Particulars	31/03/2013	31/03/2014
Sales	350000	450000
Cost of Goods Sold	275000	400000
Operating Expenses	11000	22500
Office Expenses	4500	15000
Selling Expenses	2500	3000
Distribution Expenses	1250	1000
Financial Expenses	10000	12500
Tax Rate is 35%		

OR

Q.4 (A) Discuss the uses and Limitations of Financial statements in Detail. **07**

Q.4 (B) Below given Profit and Loss Account of M/s trendy Apparels Ltd. Year ended on 31st March 07 and Prepare Trend Analysis statement.

Particulars	2007	2008	2009	2010	2011
Net Sales	500000	600000	700000	800000	900000
Less: Cost of Goods Sold	(-350000)	(-450000)	(-500000)	(-550000)	(-650000)
Gross Profit	150000	150000	200000	250000	250000
Less: <u>Operating expenses</u>					
Administrative Charges	(-25000)	(-30000)	(-40000)	(-45000)	(-50000)
Financial Charges	(-20000)	(-20000)	(-20000)	(-20000)	(-20000)
Seles & Distribution Exp.	(-20000)	(-30000)	(-30000)	(-50000)	(-75000)
Operating Profit	65000	80000	90000	115000	145000
Add: Non Operating	5000	10000	--	5000	15000
Income					
Less: Non Operating Exp.	(-10000)	--	(-10000)	--	--
Net Profit Before Tax	60000	90000	80000	120000	160000
Less: Taxes	(-21000)	(-31500)	(-28000)	(-42000)	(-56000)
Net Profit After Tax	39000	58500	52000	78000	104000
Add: Opp. Balance in P&L	--	39000	97500	149500	227500
A/c					
Closing Balance C/F	39000	97500	149500	227500	331500

Q.5 From the following figures extracted from the books of shri Govind, you are required to prepare a Trading and Profit and Loss Account for the year ended 31st March 1998 and a Balance Sheet as on that date after making the necessary adjustments: 14

Particulars	Amount Rs.	Particulars	Amount Rs.
Shri Govind's Capital	228800	Stock on 1-4-97	38500
Shri Govind's Drawings	13200	Wages	35200
Plant and Machinery	99000	Sundry Creditors	44000
Freehold Property	66000	Postage and Telegrams	1540
Purchases	110000	Insurance	1760
Returns Outwards	1100	Gas and Fuel	2970
Salaries	13200	Bad Debts	660
Office Expenses	2750	Office Rent	2860
Office Furniture	5500	Freight	9900
Discount A/c (Dr.)	1320	Loose Tools	2200
Sundry Debtors	29260	Factory Lighting	1100
Loan to Shri Krishna at 10% p.a. balance on 1-4-97	44000	Provision for D/D	880
Cash at Bank	29260	Interest on loan to Shri Krishna	1100
Bills Payable	5500	Cash on Hand	2640
		Sales	231440

Adjustments:

1. Stock on 31st March 1998 was valued at Rs. 72600.
2. A new machine was installed during the year costing Rs. 15400, but it was not recorded in the books as no payment was made for it. Wages Rs. 1100 paid for its erection has been debited to wages account.
3. Depreciate: Plant and machinery by 33.33%, Furniture by 10% and Freehold Property by 5%.
4. Loose tools were valued at Rs. 1760 on 31-03-1998.
5. Of the sundry debtors Rs. 600 are bad and should be written off.
6. Maintain a provision of 5% on sundry debtors for doubtful debts.
7. The manager is entitled to a commission of 10% of the net profit after charging such commission.

OR

Q.5 The following are the summaries of the balance sheets of the Bharat Vijay Ltd. as on 31/12/2002 and 31/12/2003.

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Liabilities	2002 Rs.	2003 Rs.	Assets	2002 Rs.	2003 Rs.
Share Capital	300000	400000	Buildings	120000	250000
Debenture	200000	250000	Machinery	300000	260000
Profit & Loss A/c	40000	60000	Stock	90000	80000
Creditors	70000	80000	Debtors	140000	240000
Bank Overdraft	25000	25000	Prepaid Expenses	15000	25000
Provision for Tax	30000	40000			
	665000	855000		665000	855000

The following additional information is obtained:

1. The net profit for the year was Rs. 40000 after charging depreciation.
2. During the year depreciation charged Rs. 30000 on building and Rs. 40000 on Machinery.
3. The company purchased during the year buildings worth Rs. 160000.
4. Dividend paid during the year amounted to Rs. 20000

From the above information, prepare Fund Flow Statement for the year 2003.
