

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA - SEMESTER-I • EXAMINATION – SUMMER 2013**

**Subject Code: 2810001****Date: 29-05-2013****Subject Name: Accounting for Managers****Time: 10.30 am – 01.30 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 below Trial balance and other additional information of R Ltd. as on Date 31/03/11 prepare various schedules to the vertical balance sheet as per Companies Act. **07**

Particulars	Debit	Credit
Equity Share Capital	-	10,00,000
Preference Share Capital	-	3,00,000
Debentures	-	2,00,000
Lease Hold Building	3,00,000	-
Plant & machinery	2,00,000	-
Debtors & creditors	5,00,000	3,00,000
Bills	2,00,000	1,00,000
Cash & Bank	2,00,000	3,00,000
Closing stock	5,00,000	-
General reserve	-	2,00,000
Outstanding expense	-	50,000
Depreciation fund	-	2,00,000
Public Deposit	-	1,00,000
Investment in Government Security	2,00,000	-
Live stock	3,00,000	-
Telephone deposit	50,000	-
Advance income tax	1,00,000	-
Shares in 'M' Ltd. (2500 shares Rs. 80 paid up)	2,00,000	-
Stock of stationery	10,000	-
Provision for taxation	-	30,000
Provident fund	-	20,000
Underwriting commission	40,000	-
<b>Total</b>	<b>28,00,000</b>	<b>28,00,000</b>

Other Information

1. Authorized capital of the company is 20,000 equity shares of Rs.100 each.
  2. Debtors include Rs. 50,000 more than six months.
  3. Claims of Rs. 50,000 of workers are not acknowledged as debt by company.
- (b)** Prepare vertical balance sheet of R Ltd. from the schedules prepared in Q.1 (A) above as per Companies Act. **07**

**Q.2 (a)** Analyze the following business transactions: accounts affected, classification of accounts, apply rules of debit & credit and journalize first three transactions. **07**

1. Mr. X starts business with cash Rs. 1,00,000, machinery Rs. 50,000 and furniture Rs.20,000.
2. Opened account with Dena Bank Rs. 10,000.
3. Purchased goods of Rs.20,000 from Mr. Y at 10% trade discount and 2% cash discount paid half the amount in cash.
4. Sold goods to Mr. Z Rs.20,000. Received 60% in cash and remaining in cheque, deposited cheque into bank.
5. Paid Rs. 500 for traveling expense to salesman.
6. Paid Rs. 200 by cheque of Dena Bank for advertisement.

**(b)** Name various accounting concepts. Explain any two in detail. **07**

**OR**

**(b)** Discuss qualitative characteristics of accounting information. **07**

**Q.3 (a)** Name accounting standard 1, 6, 9, and 10. Explain any one in detail. **07**

**(b)** R Ltd. started on January 1, 2011 purchased raw material during 2011 as stated below. **07**

Date	Kg	Rate/Kg
05/01/11	750	51
25/01/11	1200	49
20/02/11	2300	47
15/03/11	2500	48
02/10/11	1250	50
10/12/11	1000	55

While preparing final accounts on December 31, 2011 the company had 1200 Kg. of raw material in its warehouse. You are required to compute the values of closing stock of raw material and the cost of sales according to

- I. FIFO
- II. LIFO
- III. WAM

By periodic system.

**OR**

**Q.3 (a)** Name accounting standard 2, 13, and 26. Explain any one in detail. **07**

**(b)** What are the causes of depreciation? Explain any three methods of providing depreciation with imaginary figures. **07**

**Q.4 (a)** State advantages and limitations of ratio analysis. **07**

(b) Prepare fund flow statement of A Ltd.

07

**Balance sheet**

Liabilities	2010	2011	Assets	2010	2011
Equity Share Capital	5,00,000	7,00,000	Land	2,00,000	1,80,000
Debentures	2,00,000	1,50,000	Plant & Machinery	3,00,000	4,00,000
P&L A/c.	1,00,000	1,20,000	Investment	1,00,000	1,50,000
General reserve	40,000	60,000	Stock	1,50,000	2,30,000
Creditors	70,000	90,000	Debtors	1,80,000	1,20,000
Bills Payable	60,000	45,000	Cash & Bank	30,000	90,000
Provision for Tax	15,000	20,000	Preliminary expense	25,000	15,000
	9,85,000	11,85,000		9,85,000	11,85,000

Other information: 1. Land of Rs. 20,000 sold for Rs. 30,000.

2. Plant of Rs. 1,50,000 purchased during the year.

**OR**

**Q.4 (a)** From the following ratios and further information you are required to prepare trading, P&L A/c, and Balance sheet. **07**

Fixed Asset/capital	5/4
Fixed assets	Rs. 2,50,000
Capital/liabilities	1/2
Net profit/capital	1/5
Gross profit ratio	20%
Stock turnover ratio	10
Fixed assets/total current assets	5/7
Net profit to sales	20%
Closing stock	Rs. 25,000

Out of current assets sundry debtors are Rs.3,00,000, the balance represents cash.

**Q.4 (b)** Discuss various methods of financial statement analysis in brief (tools & techniques). **07**

**Q.5 (a)** Who are the users of financial accounting information? **07**

**(b)** S Ltd. purchased some fixed asset for consolidated price; find out individual price of assets. The details are as under. **07**

Name of Asset	Consolidated price	Market value
Land	?	3,00,000
Building	?	8,00,000
Machinery	?	6,00,000
Furniture	?	4,00,000
Total	15,00,000	21,00,000

**OR**

**Q.5 (a)** State the strengths and benefits of USGAAPS. **07**

**(b)** Calculate EPS and PE ratio from the following data **07**

	Rs.
Profit after tax	6,00,000
10% preference share capital (Rs. 10 each)	10,00,000
Equity share capital (Rs. 10 each)	10,00,000
Market price per equity share	20

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