

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA (PART TIME) SEMESTER 01 - EXAMINATION – SUMMER-2018**

**Subject Code: 3519901**

**Date:30/04/2018**

**Subject Name: Accounting For Manager**

**Time: 10:30 AM To 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.

<b>Q. No.</b>		<b>Marks</b>
<b>Q.1</b>	Explain following terms in brief. (a) Fictitious assets (b) Contingent liability (c) Book keeping (d) GAAP (e) Capital reserves (f) Trial balance (g) Managerial accounting	<b>14</b>
<b>Q.2</b>	(a) What is Computerized accounting? Explain its significance.	<b>07</b>
	(b) Journalize the following transactions of ltd for the month of march, 2015. 1 Jatin started business with cash Rs.50000, Furniture Rs.5000, Motor Rs. 40000, Goods Rs.20000, Machinery Rs.10000, Building Rs.60000, 10% loan Rs. 10000 from ICICI bank, Creditors Rs.9000. 2 Purchased goods of Rs.30000 from Mallika Distributors on credit at 10% trade discount. 3 Sold goods costing Rs. 15000 purchased from Mallika Distributors, after adding 20% profit to Sangita at 10% trade discount. 4 Received Income Tax refund Rs. 120 And Received sales Tax refund Rs.100 5 Purchased Machinery for Rs. 5000 from Rivera Co. and paid for it through cheque. Paid Rs.150 as wages in cash for installing the machine. 6 Received personal dividend Rs.700, which was deposited in business bank account. 7 Sold goods of cost price Rs.5000 for cash so as to earn 20% profit on sales price.	<b>07</b>

**OR**

- (b) A company purchased a machine for Rs.380000 on 1-1-97 for instalment cost Rs. 20000. Depreciation is provided on Reducing Balance Method at 10%p.a. The accounting year ends on 31-12 every year. On 1-7-98 other machine was purchased at a cost of Rs. 38000 for which instalment charges of Rs.5000. On 1-7-99  $\frac{1}{4}$  of the machine purchased on 1-1-97 and  $\frac{1}{2}$  of the machine purchased on 1-7-98 were sold at book value.

Prepare Machine Account and depreciation Account for 3 Years.

- Q.3** (a) Distinguish between Financial Accounting and Management Accounting. **07**  
(b) Perform trend analysis of Reliance industries ltd from the following information **07**

(Rs in crore)					
Details	2001-02	2000-01	99-00	98-99	97-98
Turnover	57120	28008	20301	14553	13404
Total income	57902	28391	20988	15161	13740
EBDIT	8658	5562	4746	3318	2887
Depreciation	2816	1565	1278	855	667
Profit after tax	3243	2646	2403	1704	1653
Taxes paid	10470	4277	3719	2893	3021
Equity dividend %	47.5	42.5	40	38	35

**OR**

- Q.3** (a) Write short note on: (1) Money measurement concept (2) Going concern concept. **07**  
(b) ABC Corporation purchased an equipment for Rs.2,00,000/-. The equipment was expected to be useful for six years, or 1,500 hours, with an estimated residual value of Rs.20,000 at the end of that time. The equipment logged 200 hours in the first year. The equipment is expected to produce 5000 units during a year. You are required to compute depreciation expense for the first year under each of the following methods:(1) Straight line method, (2) Machine hour method (3) Sum of the years digits method and (4) Production Units method **07**
- Q.4** (a) What do you mean by the term 'depreciation'? What are its causes? Why do firms provide depreciation? **07**  
(b) Prepare a common-size balance sheet from following data and interpret the same **07**

Assets	2006	2007
Fixed Assets ( Net)	120000	175000
Stock	20000	25000
Debtors	50000	62500
Bills receivable	10000	30000
Prepaid expense	5000	6000
Cash at bank	20000	26500
Cash in hand	5000	15000
	<b>230000</b>	<b>340000</b>
Liabilities	2006	2007
Equity capital	100000	165000
Preference share capital	50000	75000
Reserves	10000	15000
P&L account	7500	10000
Bank overdraft	25000	25000
Creditors	20000	25000
Provision for tax	10000	12500

Proposed dividend	7500	12500
	<b>230000</b>	<b>340000</b>

OR

**Q.4 (a)** What is the managerial need of a Cash Flow Statement? How is it prepared? **07**

**(b)** The following is the balance sheet of XYZ Ltd as on 31-12-2003. You are required to calculate Gross profit ratio, Net profit ratio, Stock turnover ratio, Debtors ratio (use 300 days), Current ratio, Liquid ratio, Return on shareholders' fund. **(07 marks)**

Balance sheet

Liabilities	Rs	Assets	Rs
Equity share capital	5,00,000	Goodwill	30,000
10% debentures	3,00,000	Land and building	3,40,000
Creditors	70,000	Machinery	2,60,000
Bills payable	40,000	Stock	50,000
Unpaid wages	20,000	Debtors	90,000
		Bills receivable	30,000
		Bank balance	70,000
		Pre-paid salary	50,000
		Preliminary expenses	10,000
	9,30,000		9,30,000

Additional information:

Stock (1-1-2003) Rs. 40,000, Sales Rs 8, 00,000. , Gross profit Rs. 3,80,000

Debenture interest Rs 40,000, other administrative expenses Rs. 50,000,

Selling and Distribution Expenses Rs. 20,000, Rate of income tax 50%.

**Q.5** Prepare final accounts of Kiran from Trial Balance on 31-3-2004. **(14 Marks)**

Particulars	Debit	Credit	Particulars	Debit	Credit
Capital & Drawing	10,000	60,400	Carriage outward	500	
Goodwill (1-4-2003)	30,000		Bad debt & Bad debt reserve	600	400
Addition to Goodwill(1-10-2003)	5000		Discount	1800	900
Stock	13,000		Interest received in advance		200
Purchase and sales	72,000	1,25,000,	Rent(Till 30-9-2004)		2400
Goods returned	2,000	5,000	Insurance premium	900	
Creditors & Debtors	20,500	10,000	Salary	18500	
Typewriter	5,000		Cash balance	27,500	
Wages	1200		Bills	2900	6000
Pre-paid commission	200		Goods withdrawn for personal use		800
			Discount reserve on debtors		500

Adjustments:

1. Closing stock is Rs.16000 whose market value is Rs. 25,000.
2. Rs.1800 for electricity charges for factory are outstanding.
3. Depreciation @ 5 % is to be calculated on Typewriter.

4. Rs 500 are to be written off as bad debts and provide Bad debt reserve @ 5% and Discount reserve on debtors at 2% on debtors.
5. Goods of the value of Rs 1000 were stolen. Insurance company has accepted the claim for full amount.
6. The stock of Rs 6000 was remaining to be recorded as purchases.
7. Tuition fees of daughter are paid by giving goods worth Rs. 5000.
8. Insurance premium includes Rs 600 for the year ended on 30-12-2004.

**OR**

**Q.5.** From the following trial balance as on 31-3-2004 of Mr. Ajit, you are required to prepare final accounts. **(14 marks)**

Names of account	Debit (Rs)	Credit (Rs)
Stock(1-4-2003)	45000	
Salary (up to 28-2-2004)	14300	
Capital and drawing	10000	100000
Debtors and creditors	70000	40000
Leasehold premises ( 1-10-2003 for 5 years)	40000	
Carriage inward	500	
Carriage outward	1200	
Office expenses	800	
Discount	1700	1900
Bad debt and bad debt reserve	1400	2900
Cash and bank	2500	3000
Wages	15000	
Purchases and sales	100000	250000
Return accounts	9000	10000
Commission		700
Machineries	25000	
10% investments (30-9-2003)	70000	
Interest received on investments		1500
Insurance premium ( up to 1-7-2004)	3600	
	410000	410000

Adjustments:

1. Value of closing stock is Rs 20000 out of which value of 90% stock is 10 % less and value of 10% stock is 90% more.
2. Depreciate machineries at 10%. Interest on capital and drawing is 10%.
3. Goods burnt by fire Rs 5000 and Insurance company accepted a claim of Rs 4000.
4. Bad debt of Rs 2000 and Bad debt reserve of 5% is required to be provided on debtors.
5. Commission is due but not received Rs 1300. Outstanding office expenses Rs 200.
6. During the year goods worth Rs 2000 were distributed as sample.